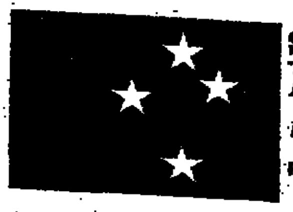

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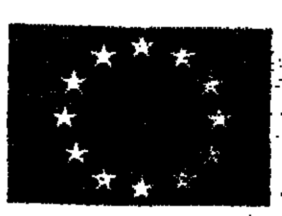

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FINANCIAL TIMES

Europe's Business Newspaper

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Yeltsin to seek unfettered powers for presidency

Russian President Boris Yeltsin is seeking to place unfettered powers in the presidency with a series of constitutional amendments rendering the office invulnerable to challenge from a future parliament. Page 24; Making good on pledge by Bolsheviks, Page 3

US economy expands: The US economy expanded at a real annual rate of 2.8 per cent in the third quarter, the best performance this year, thanks to steady growth in consumer spending and industrial production, the Commerce Department said. Inflation fell to its lowest level in seven years. Page 24; Currencies, Page 42

EC summit row feared: The Belgian presidency of the EC was last night straining to prevent today's special summit of the 12 heads of government degenerating into a row over the balance of power between big and small Community member states. Page 24; Background, Page 3

US disaster areas declared: President Bill Clinton declared five counties in southern California major disaster areas in response to the brush fires that have so far destroyed at least 500 homes in the region. Page 5

GM announces $113m net loss: General Motors, which is battling to return its US vehicle operations to profit, reported a $113m third-quarter net loss after adding $950m pre-tax to reserves for its extensive North American plant closing programme. Page 25

Champagne industry wins court order:

The French champagne industry secured the first round in a legal battle against Yves Saint-Laurent, the Paris fashion house, when it won a court order preventing YSL using the name Champagne for its latest fragrance. YSL is appealing against the ban, which applies only in France. Elf-Sanofi, the French pharmaceuticals company that last year took over YSL, saw its shares fall to FFr1,022 from FFr988 after the court's decision. Page 2

Wellcome shares fall 11%: Investors marked down shares in Wellcome, the UK-based international drugs group, by 11 per cent in response to a 45 per cent rise in pre-tax profits, a one-third rise in the dividend and £157m ($237m) rise in the cash mountain to £567m. Page 25; London stocks, Page 35; Lex, Page 24

German nuclear power threatened: The future of nuclear power in Germany and the fate of its highly subsidised coal mines are in doubt after the collapse of a year-long effort to negotiate a cross-party compromise on energy. Page 2

India warned on power shortages: India was warned that worsening power shortages are threatening its economic reforms and its ability to attract foreign investment. Page 4

Uzbekistan ships gold 'guarantees': Uzbekistan has shipped $400m worth of gold to French, Swiss and US banks to "serve as guarantees for those who want to invest in our country", Islam Karimov, the republic's president, told French businessmen. Page 3

Leaders back Ulster talks: The prime ministers of Britain and Ireland will today give decisive political impetus to secret negotiations on a new settlement for Northern Ireland. Page 7

Tunnel rail link delay feared: Work to prepare a high speed rail link between London and the Channel tunnel could be delayed by a £200m ($302m) funding shortage, the UK government will be told today. Page 8

Trial by jury: Russia is to reintroduce trial by jury in five regions next week, 76 years after Bolshevik revolutionaries abolished the system as corrupt and bourgeois, a justice ministry statement said.

Renault sell-off planned for next year: The French government plans to privatise the merged Renault-Volvo vehicle group in the second half of next year, industry minister Gérard Longuet said. Page 23

Yacyreta dam: Argentina and Paraguay are to privatise the huge Yacyreta hydro-electric dam being built on the Parana River that marks the frontier between the two countries. Page 5

■ STOCK MARKET INDICES

FT-SE 100:	3163.0	(+8.7)
Yield	3.72	
FT-SE Eurotrack 100	1369.48	(+1.66)
FT-A All-Share	1582.82	(+0.2)
Nikkei	19479.45	(-359.33)
New York lunchtime:		
Dow Jones Ind Ave	3698.76	(+34.10)
S&P Composite	468.00	(+3.39)

■ US LUNCHTIME RATES

Federal Funds:	3$\frac{1}{16}$%
3-mo Treas Bills: Yld	3.166%
Long Bond	103$\frac{1}{32}$
Yield	5.978%

■ LONDON MONEY

3-mo Interbank	5$\frac{3}{4}$%	(Same)
Liffe long gilt future:	Dec 114$\frac{1}{4}$	(Dec113$\frac{3}{32}$)

■ NORTH SEA OIL (Argus)

Brent 15-day (Dec)	$16.29	(16.42)

■ Gold

New York Comex Dec	$370.2	(370.7)
London	$369.75	(371.75)

■ STERLING

New York lunchtime:		
$	1.4925	
London:		
$	1.492	(1.479)
DM	2.4975	(2.485)
FFr	8.74	(8.69)
SFr	2.2025	(2.19)
Y	161.5	(160.5)
£ Index	80.6	(80.4)

■ DOLLAR

New York lunchtime:		
DM	1.674	
FFr	5.8675	
SFr	1.477	
Y	108.275	
London:		
DM	1.6735	(1.6805)
FFr	5.8575	(5.875)
SFr	1.477	(1.4815)
Y	108.25	(108.6)
$ Index	65.6	(66.4)

Tokyo close Y 108.45

Austria	Sch30	Greece	Dr300	Lux	LFr65	Qatar	QR12.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh13	Singapore	S$4.10
Bulgaria	Lv25.00	Iceland	IKr215	Neth	Fl 3.75	Slovak Rp	KSL45
Cyprus	C£1.00	India	Rs40	Nigeria	Naira45	South Africa	R12.00
Czech Rp	CZK45	Israel	Shk5.30	Norway	NKr16.00	Spain	Pta210
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Sweden	SKr15
Egypt	E£4.50	Japan	Y500	Pakistan	Rs35	Switz	SFr3.20
Finland	FM12	Jordan	JD1.50	Philippines	Peso45	Syria	S£50.00
France	FFr9.00	Kuwait	Fils.600	Poland	Zl 22,000	Tunisia	Din1.250
Germany	DM3.30	Lebanon	US$1.25	Portugal	Esc216	Turkey	L8000
						UAE	Dh11.00

Oil companies begin pulling staff out of Algeria

By Mark Nicholson in Cairo and David Buchan in Paris

FOREIGN companies operating in Algeria, including many of the more than 20 oil groups exploring new concessions, have begun repatriating dependants and non-essential staff because of worsening extremist violence.

Islamic radicals, angered by the cancellation of elections which would have brought them to power in 1991, have this year launched an increasingly violent campaign against government officials, local journalists and foreigners. Last Sunday three employees of the French consulate in Algiers were kidnapped. This followed the murders of two French surveyors, two Russian army officers and three oil workers employed by an Italian company.

In Egypt, where three foreigners were shot dead on Tuesday in a luxury hotel, Islamic extremists have adopted similar tactics in an attempt to cripple the country's valuable tourist industry.

More than 2,000 people have been killed in Algeria since a state of emergency was declared in January 1992, and diplomats in Algiers say that clashes between security forces and Islamic extremists have worsened significantly in the past two months.

Total, the French oil group and one of the biggest foreign oil interests in Algeria, has shipped out dependants from all 120 French families and moved its remaining male staff into an hotel.

France has 24,440 nationals registered with its three consulates in the country. Of these, 7,000 to 8,000 are expatriates on limited contracts and therefore are most likely to return. Most of the rest have dual nationality.

The French foreign ministry has not instructed its nationals to leave Algeria, but this week recommended that families might want to use the start yesterday of a 10-day school break in Algeria to leave the country.

Occidental of the US said it had repatriated all family members and tightened security at the villas of remaining staff.

All the oil companies reached by telephone emphasised, however, that work would continue despite the fact that the loss of some personnel was already starting to interrupt schedules. BP said some families of its staff had left the country and that it was keeping a "wary eye" on events.

According to the Italian embassy, almost all dependants in the 650-strong Italian community were set to leave, though a consular spokesman said the embassy was, so far, leaving the decision to companies' discretion. Agip, Eni, Enichem and Olivetti all have large offices in Algiers and have made arrangements to fly families out. Among German groups, Mercedes and Siemens are also understood to have begun moving out dependants and some expatriate staff.

Anadarco, the Texas-based oil group, says it has also decided to repatriate almost all its expatriate staff from Algiers, trimming its local contingent from 15 to two. Andarco opened operations in Algeria in 1989.

A substantial part of Algeria's hard currency earnings go to pay off its $27bn foreign debt and the government has been counting on revenues from new oil and gas discoveries to increase earnings.

VW wants four-day week or 30% cut in staff

German workers threatened with mass redundancies

By Christopher Parkes in Wolfsburg

VOLKSWAGEN will have to shed 30 per cent of its employees in Germany if management plans for pay cuts and a four-day week are not accepted, the workforce was warned yesterday.

VW, mainstay brand of the loss-making automotive group, which will have 103,000 workers by the end of this year, will need only 72,000 in 1995, Mr Peter Hartz, labour director, told a press conference.

Limits on state aid for short-time working, and the high cost of early retirement schemes, meant that Germany's traditional "painless" workforce reduction methods were no longer practicable or affordable.

"Because of this the board is working on plans which will involve mass redundancies if we do not find other solutions," said Mr Klaus Volkert, chairman of the works council and the employees' leading representative.

The possibility of 18,000 job cuts next year and a further 12,000 in 1995 was far worse than had been expected, he claimed.

While Mr Volkert appeared surprised, the VDA automotive industry association warned only recently that the sector would have to shed a further 200,000 jobs in the next few years. In common with the rest of German industry, vehicle makers are striving to regain competitiveness.

While other manufacturers are cutting workforce numbers they are also applying new methods, including widespread cuts in bonuses and benefits.

VW has been forced to seek new solutions to its overmanning by an agreement with its largest shareholder, the government of Lower Saxony, to maintain the workforce at 100,000.

It is also ill-equipped to bear the costs of redundancies.

Mr Ferdinand Piëch, VW chairman, who confidently forecast a breakeven result earlier this year, is now facing a group loss of some DM1.7bn according to recent independent estimates.

Provisions for 18,000 redundancies in 1994 would take the 1993 deficit to more than DM3b, observers suggest.

If applied across the board, Mr Hartz's plan could reduce VW's annual labour bill by more than DM2.5bn.

Although Mr Volkert accepted that "burden sharing" in the interests of workforce solidarity was preferable to sackings, he warned that the negotiations would not be easy. Formal talks are due to start shortly and the management hopes to introduce the new working practices at the start of next year.

Mr Volkert said management's hopes for a 20 per cent pay cut in

Continued on Page 24

More than 100,000 building workers converged on Bonn yesterday to protest against plans by the German government to cancel their "bad weather money", which is paid as an alternative to unemployment benefit in the winter months. Mass march opposes cuts, Page 2 Reuter

Bock says Rowland attack 'illogical'

By Roland Rudd and Robert Peston

MR DIETER BOCK, the German financier who has been the victim of a strident attack from his joint Lonrho chief executive Mr Tiny Rowland, yesterday declared that he had no intention of entering a war of words.

He then promptly referred to his rival as "my dear disjointed chief executive". For good measure he added: "I have to act like I'm running a company – not a kindergarten."

Explaining his reticence about commenting on Lonrho's elder statesman, in his first remarks since Mr Rowland's attack last weekend, he said: "It would be damaging for the company. I regret what Tiny did and that's all I have to say."

He added: "I was so surprised by Mr Rowland's attack. It was so illogical. I do not intend to comment and correct all the statements."

However he could not resist disclosing that when he saw Mr Rowland, who had accused him of contributing almost nothing to Lonrho, he said: "My dear Tiny, you bought the most expensive fish ever sold at Harrods. I hope you are paying for it."

Mr Bock was referring to the shark in Harrods food hall, nicknamed "Tiny", which the Fayed brothers have symbolically given to Mr Rowland after his decision last week to call off their long-standing legal dispute over their 1985 purchase of House of Fraser.

Mr Bock, who bought 18.8 per cent of the group at the beginning of the year, said he would not be deflected from his task of turning Lonrho into a more conventional company.

On Wednesday night, he had dinner with the two new non-executives he nominated to the Lonrho board, Mr Peter Harper of Hanson, and Mr Stephen Walls of Albert Fisher. They made plain their determination to make Lonrho a more transparent company by establishing an audit committee to review the company's finances when the board meets next month and by joining the remuneration committee, to assess pay rates in the company.

Mr Rowland is concerned that Mr Bock is preparing to dismiss the older directors, such as the joint deputy chairmen, Mr Paul Spicer and Mr Robert Dunlop, who are his staunch supporters.

In an attempt to pacify Mr Rowland, Mr Bock said: "I do not intend to proceed with a hammer. I want to try and calm the situation and see if everyone can act in a more reasonable way."

Mr Bock has made it clear that his first priority is to focus on rationalising the company's plethora of businesses and ensure it is complying with the Cadbury Committee's proposals on corporate governance.

Fisher sees role for Kodak in information revolution

By Martin Dickson in New York

MR GEORGE FISHER, who surprised Wall Street on Wednesday night by moving from the chairmanship of Motorola to head troubled Eastman Kodak, said yesterday that he had accepted the job because of the important role Kodak could play in the information revolution.

His appointment as chairman and chief executive of the photographic products group sent the company's stock soaring yesterday, and at lunchtime the shares were up $4⅝ on the New York Stock Exchange at $63⅝.

Mr Fisher is one of the most highly regarded managers in the US and analysts saw his combination of technological expertise and team-building skills as strongly positive for Kodak, which has been suffering from lacklustre financial results and a bureaucratic, self-absorbed culture.

However, shares in Motorola, the semi-conductor and mobile communications equipment manufacturer, dipped $1⅝ to $104. The company, which was taken by surprise by Mr Fisher's move, appointed Mr Gary Tooker, its president, as interim chief executive until the board decides on a successor.

Mr Fisher, speaking at a news conference in New York, said he was attracted to Kodak because of the role it could play in the "content" (or visual image) side, of the information revolution, which is bringing together the computer, media and communications sectors.

Kodak, he said, had "a franchise and a market position second to none in the world on the content side of the information revolution".

He said his main initial task would be to improve the company's financial health. Profitability and return on assets had to improve significantly, while the company also needed to cut its large debt burden.

He said he envisaged the company's photographic imaging and healthcare businesses as "dual pillars of future growth". He did not intend to sell the healthcare business, but said there were "pockets" of business across the group which might be divested.

Mr Fisher declined to give details of his pay package, beyond acknowledging it was "generous" and would pay him better than Motorola if Kodak performed well. Last year Motorola gave him $1.5m in pay and bonuses, which is relatively modest for such a successful US company.

World stocks, Section II

CONTENTS

Future of German energy industry in doubt

Cross-party talks fail to decide on the country's nuclear power industry and its subsidised coal mines, writes Quentin Peel

THE FUTURE of nuclear power in Germany and the fate of its highly subsidised coal mines are both in doubt after the collapse of a year-long effort to negotiate a cross-party compromise on energy.

The governing conservative-liberal coalition in Bonn failed to reach agreement with the opposition Social Democratic Party (SPD) on Wednesday night, primarily because they were unable to agree on whether nuclear power has a future in the German economy.

The ramifications are considerable. It means that the hotly-debated issue of how to dispose of Germany's nuclear waste is undecided. That leaves question-marks hanging over Britain's multi-billion pound project for nuclear waste reprocessing at British Nuclear Fuel's Thorp plant at Sellafield, and over similar reprocessing contracts with France's Cogema.

It means Germany's power generators – led by RWE in the Ruhr, Veba's PreussenElektra in Hanover, and Bayernwerk in Munich – still have no secure planning framework in which to decide on their next generation of power stations. They may be fuelled with domestic coal, imported coal, brown of soft coal, natural gas, nuclear energy, or renewable energy sources: all that is certain is that all is uncertain.

The nuclear power station manufacturers, led by Siemens KWU, do not know if they should go ahead with developing a new generation of extra-safe nuclear reactors, or abandon the project because they will never have a domestic market. They believe there is a huge future export market, but fear that the loss of a domestic nuclear industry will cause many of their top nuclear engineers to leave the country.

The subject of energy supply in Germany is fraught with divisions – ideological, environmental and regional

It means that two politically-explosive plans for nuclear waste disposal – at the Gorleben salt mines and the Schacht Konrad disused coal mine in the state of Lower Saxony – are left half open.

And it puts the whole future financing plans for the embattled German coal mining industry, already suffering a severe squeeze because of the downturn in steelmaking, in doubt. The industry requires massive subsidies to the end of the century to maintain a production of 35m tonnes a year for power stations.

The German government, the coal mining industry and the power generators, all link a viable future for coal with the maintenance of nuclear energy: they say that only by cross-subsidising the high cost of burning German coal (its price is currently about DM280 [£114] a tonne, compared with DM80 for imported coal) with low-cost nuclear power can they afford to buy the domestic product.

The whole subject of energy supply in Germany is fraught with political pitfalls. It concerns not simply ideological differences between left and right, and between environmentalists and the industrial lobby. It also concerns acute regional rivalries, between the federal states and the Bonn government, between north Germany and the south, and within industry as much as within the political establishment. South Germany is pro-nuclear. The Ruhr is pro-coal. And north Germany could happily survive with imported coal and gas.

Control of the nuclear power industry is shared between the states and the federal government in Germany's decentralised system. They share responsibilities for licensing nuclear power stations. That means that even if the central government wants to maintain nuclear power in the national energy balance, it has to co-operate with SPD state governments, several of which rule in coalitions with fiercely anti-nuclear Greens.

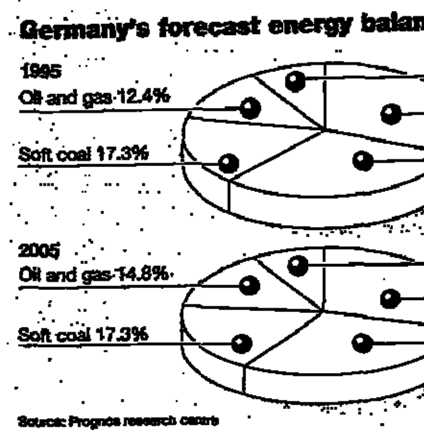
The attempt to forge a cross-party, cross-industry consensus was launched a year ago by the unlikely alliance of Mr Gerhard Schröder, the SPD premier of Lower Saxony, who heads a red-green coalition there, and the bosses of the two largest energy utilities, Mr Friedhelm Gieske, chief executive of RWE, and the late Mr Klaus Piltz, chief executive of Veba.

They came from opposite directions. Mr Schröder, who faces state elections next March, wants to lift the threat of high-level nuclear waste disposal at the Gorleben salt mines. He also wants a clear commitment to the abandonment of nuclear energy in Germany, so that he knows precisely how much low-level waste may be dumped in Schacht Konrad.

The energy utilities need planning certainty for the next generation of power stations. And they also need a plan to dispose of their steadily-accumulating nuclear waste.

They are locked into contracts for waste reprocessing with both BNFL and Cogema, which will produce 40m tonnes of plutonium. That in turn has to be reconverted into mixed oxide (MOX) fuel elements back in Germany, which can then be burned in their power stations.

Germany's forecast energy balance



Source: Prognos research centre

That process is now blocked by the red-green coalition in the state of Hesse, where the environment minister, Mr Joschka Fischer, is the Green party's most articulate anti-nuclear advocate. He has simply prevented the MOX element plant at Hanau being completed.

The utilities may be forced to ask Cogema and BNFL to convert their plutonium into MOX elements in France and Britain. That solution is certainly under debate. But in the long run, both the utilities and the German political parties are looking actively at the alternative option to reprocessing – direct disposal of nuclear waste.

Last week, after months of painful negotiation, Mr Schröder and Mr Klaus Töpfer, the Bonn environment minister, thought they had managed to negotiate a successful compromise.

It included amending the German nuclear law to allow direct disposal of nuclear waste as an alternative to reprocessing; it would give the present generation of nuclear power stations a confirmed working life of 35 to 40 years; it would launch a search for alternative waste disposal sites to Gorleben, while allowing Schacht Konrad to be used for low-level waste; it would allow a prototype nuclear reactor of a new "extra-safe" generation to be licensed in Germany; and it would guarantee long-term subsidies to the coal mining industry of DM7bn a year from 1997-2000.

On Monday night, the deal was vetoed by the national executive of the SPD. On the one hand, it failed to give adequate guarantees for the coal mines. On the other, it clearly left open the "nuclear option" which the SPD has rejected.

Now the governing coalition has promised to attempt to force the necessary decisions through the Bundestag and Bundesrat, the two houses of parliament, without cross-party support. It means that the chances of success are considerably reduced. It could leave the nuclear industry in doubt until 1995, along with the coal mines, and the French and British reprocessing industries.

"We know we do not make the situation easy for our neighbours," Mr Töpfer admitted yesterday after the collapse of the talks. "We cannot decide these things in national isolation."

Mr Töpfer believes that in the long run, Germany must switch from reprocessing its nuclear fuel to direct disposal: it is much cheaper, he believes, and it will not produce plutonium. But the collapse of the talks makes that switch more remote, not less.

"It is rather less probable that we will get a change in the nuclear law (to allow direct disposal)," he said. "It is more likely that it will remain as it is. That will not be in the interests of the SPD. But then, that is life."

Balladur seeks new Air France package

By John Ridding in Paris

AS THE damaging nine-day strike at Air France continued to ease yesterday, Mr Edouard Balladur, the French prime minister, said a recovery plan for the state-run airline was "indispensable" despite his government's climbdown on an earlier austerity package.

In an interview in the French daily Le Figaro, Mr Balladur said the state and taxpayers could not continue to support losses of FFr5bn (£580m) a year at Air France, the amount the airline is forecast to lose this year. But he said a new recovery plan could avoid involuntary redundancies and share equally the burden of cost-cutting across the company.

Mr Balladur's comments came as the strike by ground staff, which has brought Air France to a virtual standstill, appeared to be petering out. Many baggage handlers, maintenance workers and technicians returned to work, although the airline's freight services remained paralysed at both Orly and Charles de Gaulle airports.

A spokesman for Force Ouvrière, representing about 35 per cent of ground staff and which has been at the forefront of the dispute, said the union was awaiting the outcome of negotiations next week before deciding whether to relaunch industrial action.

Mr Christian Blanc, who has taken over as Air France's chairman following the resignation on Sunday of Mr Bernard Attali, will meet union leaders at the beginning of next week in an attempt to resolve the dispute. Mr Attali's plan included 4,000 job cuts and a reduction in overtime pay and bonuses. Mr Blanc has said he will not impose any cost-cutting measures before discussions with union representatives.

Air France services, which had been brought to a complete standstill for much of the dispute, showed some improvement yesterday. Thirty-six flights, including 24 from Paris's two main airports, operated yesterday and the airline said it hoped to double the number of departures today.

But the number of flights remains far short of the 450 normally operated and a resumption of usual service is expected to be a slow process.

Mass march in Bonn opposes benefit cuts

By Quentin Peel in Bonn

MORE THAN 100,000 building workers converged on Bonn yesterday in a mass protest against the social spending cuts ordered by the German government.

In the biggest demonstration of union discontent yet organised in a "hot autumn" of protest, the builders denounced government plans to cancel their "bad weather money", which is paid as an alternative to unemployment benefit in the winter months.

Mr Bruno Köbele, leader of the building workers' union, accused the Bonn coalition of "running socially amok" with its savings plans, which will cut unemployment benefit by three percentage points, limit its duration to two years, and abolish the workers' special deal.

The "bad weather" money has existed since 1959 to prevent mass winter lay-offs in the industry.

The size of the turnout surprised even the organisers, and confirms a gathering mood of discontent in the German workforce at the combined squeeze of increasing unemployment, reduced social spending, and rising tax and social security deductions.

At the same time, there was confirmation yesterday of growing support for short-time working to be introduced as an alternative to outright job cuts.

The Volkswagen plan to bring in a four-day week as an alternative to mass redundancies was formally proposed by a workers' leader at Deutsche Aerospace (Dasa), the troubled Daimler-Benz subsidiary which has announced cuts of up to 16,000 jobs.

Mr Horst Kowalczyk, works council chairman in the Deutsche Aerospace Airbus division, called on the management to negotiate alternatives such as the four-day week to its planned programme of plant closures, which will shut two large plants in Munich and Lemwerder in Lower Saxony.

He was speaking at a mass meeting at the threatened Munich-Neuaubing plant, where more than 1,000 workers whistled and heckled Mr Hartmut Mehdorn, head of the Airbus division, and Mr Georg von Waldenfels, the Bavarian finance minister.

The Colosseum forms a backdrop to a protest by striking workers in the centre of the Italian capital yesterday

Associated Press

Italian industry hit by protest strike

By Robert Graham in Rome

ITALY'S public services, banks and much of industry was paralysed yesterday by a four-hour general strike called by the unions in protest at the 1994 austerity budget.

Demonstrations were held in all the country's main cities. Union leaders attacked the government's economic policy despite a last-minute decision by Mr Carlo Azeglio Ciampi, the prime minister, to increase funds for creating new jobs from L800bn (£332m) to L1,300bn (£540m).

As with the previous four general strikes in April, the union leaders were doubtful that the protest would produce concrete improvements for the rank-and-file or alter the basic austerity measures in next year's budget. Instead, the strike action reflected the general sense of frustration in the labour movement about pay falling behind inflation and the rise in the unemployment rate to nearly 11 per cent.

The lack of real focus in the general strike provoked a tough response from Confindustria, the industrialists' confederation. It issued a statement saying the unions were deluding themselves if they believed the state could continue to be guarantor of jobs or that hand-outs could be the motor of recovery.

The strike had been preceded by a week of labour unrest in the transport sector. Significantly, the sole sector to observe a full day's stoppage was the chemicals industry. Here Enichem, the state chemicals group, is about to implement a restructuring plan which could see a 20 per cent reduction in the workforce. In September, Enichem workers at Crotone in southern Italy carried out a violent occupation of the plant and nearby town which signalled the begining of a more radical labour climate nationwide.

Apart from employment, yesterday's strike was intended to highlight the inequalities in the tax system, with salaried workers bearing the brunt of contributions while the self-employed evade taxes on a huge scale. The government is currently battling to retain a "minimum tax" to impose on the estimated earnings of the self-employed and this week decided to call a vote of confidence in parliament on this issue.

The unions are also complaining that strong lobbying on has persuaded the government to to divert more money in the 1994 budget to top up pensions at the expense of public sector pay increases. The budget, due to be approved by mid-December, is attempting to reduce the public sector deficit to 8.7 per cent of gross domestic product and find an extra L32,000bn mainly through spending cuts.

State to take up Treuhand task

By Judy Dempsey in Berlin

THE German government will take control of about 100 enterprises which the Treuhand privatisation agency will be unable to sell by the end of 1994 when its mandate expires, officials confirmed yesterday.

At the same time, a new bill will be presented to the Bundestag to extend the life of the Treuhand, whose main task after 1994 will be to complete the privatisation of land, monitor sales contracts, and manage real estate.

The plan for the enterprises, which was announced by Mr Theo Waigel, finance minister, represents a radical shift in policy away from rapid privatisation to a much slower process based on restructuring and better management. The plan, which will be debated by the Bundestag over coming weeks, coincides with growing criticism from the governments of the five eastern states that the Treuhand could have done more to prevent closure and protect jobs.

The agency has sold all but 1,392 of its 13,200 enterprises since it was set up in July 1990. Sales have generated more than DM180bn (£73bn) of committed investment and guaranteed 1.45m jobs. But nearly 3,000 enterprises have been closed at the cost of 313,000 jobs, and a further 2m jobs have been lost through privatisation.

Finance officials yesterday would not say which enterprises would come under government control. However, the giant railway carriage and locomotive maker Deutsche Waggon Bau, machine tool manufacturer Sket, and the Buna chemical works could be on the list.

Denying that efforts to find solutions to enterprises employing more than 200,000 people had been influenced by next year's federal and state elections, a finance ministry official said: "We just need more time to restructure them, prepare them for privatisation, and then find a buyer."

The restructuring phase, which will start in 1995 and end in 2000, will cost DM45bn. Part of the cost will be financed by the federal budget.

Plans to expand Berlin's airport capacity are expected to be financed by the private sector in a move signalling a gradual shift from public sector borrowing for infrastructure projects, writes Judy Dempsey.

Investment bank Barclays de Zoete Wedd has been appointed to advise Berlin Brandenburg Flughafen Holding (BBF) how the existing structure, and the construction of a new airport, can be financed privately.

Tegel, Tempelhof, and Schönefeld airports are all operating at close to capacity.

Anti-corruption inquiry widens to involve more public-sector figures

State telecoms executive arrested

By Robert Graham in Rome

MR VITO Gamberale, a divisional head at Sip, Italy's main state-controlled telephone utility, was arrested yesterday for alleged attempted extortion concerning a telecommunications contract in the Naples region.

This the first time a Sip executive has been linked to anti-corruption investigations.

The arrest coincided with that of another prominent public-sector figure, Mr Marcello Inghilese, head of the foreign trade institute (ICE), on charges of fraud concerning the opening of a trade office in Orlando, Florida.

Mr Gamberale, head of the cellar telephones division, has previously worked with ENI, the state oil concern, and is considered close to the Socialist Party.

He was arrested along with three others, including a local Socialist politician.

Naples magistrates alleged Mr Gamberale attempted to threaten the owner of a local telephone equipment company with the loss of a contract unless he employed a specific number of people "recommended" to him by local political bosses.

The Naples magistrates' investigations are part of a broadening inquiry into alleged vote-buying by the most prominent politicians in the Naples region.

Their inquiries into telecommunications contracts are separate from those of Milan magistrates. In May and June, Milan magistrates detained a number of senior executives in the state-run telecommunications companies.

These included Mr Francisco Silvano, then managing director of Stet, the umbrella telecoms group, and the heads of Sirti (its engineering subsidiary) and Italel, responsible for equipment manufacture.

In Milan yesterday, the trial opened of Mr Sergio Cusani, who is suspected of being a key financial intermediary in alleged pay-offs to politicians by Montedison, the industrial arm of the Ferruzzi conglomerate.

As the trial opened, Montedison announced it had become a civil party to the case.

This appeared to be part of a strategy by the administrators of the collapsed Ferruzzi-Montedison group to recover the large amounts believed to have been paid over to politicians, as well as money allegedly siphoned off for personal use by the Ferruzzi family.

The Italian Senate yesterday approved a law removing parliamentarians' immunity from interrogation by the judiciary, but preserving their right to resist arrest unless due cause is presented to parliament in written documents.

League sees plot to delay polls

ITALY'S opposition Northern League, denouncing what it called a plot to delay general elections, yesterday threatened to set up an alternative parliament, Reuter reports from Rome.

Mr Umberto Bossi, head of the party which dominates Italy's industrial heartland, said he would set up a "constituent assembly" in the north to draw up rules for turning the country into a federalist state.

The League's threatened rebellion follows a move by the main parties in Rome's scandal-tainted parliament to revise a new electoral law passed this summer.

Court puts stopper on Champagne perfume

By Alice Rawsthorn in Paris

THE French champagne industry yesterday won the first round in an acrimonious legal battle against Yves Saint-Laurent, the Paris fashion house, when it won a court order preventing YSL using the name Champagne for its latest fragrance.

YSL is appealing against the ban, which applies only in France, but which will force it to change the name of Champagne within a month. If the appeal fails it faces substantial losses, given that it has already spent large sums publicising the perfume, which was introduced in France and other European countries last month.

The typical cost of launching such a fragrance worldwide is \$50m, with Europe absorbing \$15m of the total.

Elf-Sanofi, the French pharmaceuticals company that last year took over YSL in a highly controversial FFr3.6bn (£410m) acquisition, saw its shares fall from FFr1,022 to FFr988 after the court's decision. The affair has erupted at a time when YSL and Elf-Sanofi already face the threat of a legal investigation over suspected insider trading in YSL shares.

The champagne lobby has claimed that the existence of a perfume called Champagne could confuse consumers and imperil the prestige of their product.

If YSL loses the appeal, it will also face an unenviable strategic dilemma. Such large fragrance companies operate on an international basis and co-ordinate the marketing of their products so they are positioned in exactly the same way in every country.

If YSL were forced to change the name of Champagne in France, it would torpedo its hopes of creating a coherent international image for the brand. Alternatively it might decide to change the name everywhere – an expensive option.

Making good on pledge by Bolsheviks

Yeltsin hopes to make 'peasants the masters', writes John Lloyd

THE daily Izvestiya yesterday heralded its announcement of President Boris Yeltsin's decree giving Russian citizens the right to buy, sell, rent and bequeath land by reprinting its own front page of exactly 76 years ago. That contained the decree "On Land" by the new Bolshevik government which proclaimed that land would be returned to the peasants.

The decree, said Izvestiya, claimed to "make the peasants the masters", but remained a piece of propaganda, while the reality soon became one of state ownership and dispossession of peasant proprietors in favour of collectivisation.

The present decree eschews grand sounding phrases in favour of a definition of rights and a description of the mechanisms under which citizens can buy and sell land in order to create a class of farmer-proprietors with fully guaranteed rights, for the first time in Russian history. The state will guarantee and protect the right to buy, sell, rent, transfer and divide land freely, reserving only the right to claim land for strategic state use after paying the market price for it.

Foreigners and foreign companies can participate in the process of buying and selling land, but apparently only (the decree is vague on the point) in association with Russian companies. Land can be used for agricultural purposes, or for development of any kind.

In a move analagous to the rights given to workers in state enterprises, workers on state and collective farms will have the right to buy plots of land at discounted prices. Land can be sold off in auctions or offered for sale privately to competitive bids.

A new state body, with offices in all regions, the Russian Federation Committee for Land Resources and Land Construction, will be the body charged with ensuring that land sales go through. It will have offices in all regions, and is clearly designed to override the inevitable objections and barriers raised to land sales by local authorities and the leadership of state and collective farms to a measure they have bitterly resisted for years.

Resistance to the move to make land a commodity is not confined to former communist leaders and bureaucrats in the regions, but is often strongly expressed by the state and collective farm workers themselves - who see the growth of a private farming sector as a threat to a life which, though poor, is secure and undemanding. At the same time, those who have already embarked on private farming have faced delays, hostility and sometimes intimidation - as well as a lack of capital and equipment designed to the needs of small farmers.

Russian land has only briefly been freely tradeable, in the decade before the first world war following agrarian reform pushed through by Mr Pyotr Stolypin, the prime minister. It succeeded in creating a class of peasant-proprietors - who were dispossessed two decades later by ruthless collectivisation which left only small plots in the hands of the peasants throughout the Soviet Union.

Mr Viktor Khlystun, the agricultural MInister and as such the highest representative of the agricultural lobby, has already sought to limit the damage he sees the decree as doing - by saying that no foreigners can buy land, that speculation in land should be avoided and that no small farmer should be allowed to hire labour.

However, the decree gives a solid guarantee of the state's intention to tackle what has been the largest inhibition to the dismantling of the socialist system: it will, however, require a vigorous response from would-be farmers if it is to herald the revolution in the countryside it clearly hopes for.

Parliamentary elections ordered by President Boris Yeltsin will not be fair, but they are the last chance for democracy in Russia, a liberal opposition leader said yesterday, Reuter reports from Moscow.

"These elections are a far cry not only from democracy, but even from simple logic," said Mr Grigory Yavlinsky, a prominent economist and leader of a large electoral bloc opposing Mr Yeltsin. "But realising this we still feel we have no way other than to take part in elections even under their dubious rules," he said.

Mr Yeltsin has ordered elections to the State Duma, the lower chamber of a new-style legislature called the Federal Assembly, for December 12, with presidential elections to follow six months later.

Western banks get guarantee in gold

By David Buchan in Paris

UZBEKISTAN has shipped $400m worth of gold to French, Swiss and US banks to "serve as guarantees for those who want to invest in our country", Mr Islam Karimov, the republic's president, told French businessmen yesterday.

The president of Uzbekistan, which is an important gold producer, raised eyebrows when he told French businessmen that any doubters about the worth of this guarantee could check his country's bullion in the vaults of Crédit Commercial de France (CCF) in Paris.

He gave the initial impression that he had brought the gold in his personal baggage on his state visit to Paris. But CCF later said that the gold, which it described as an amount of "some consequence", had been sent to Paris a short time ago in the usual manner of such shipments.

Other French banks appeared mildly piqued at learning that the CCF now has the collateral of gold to cover credit for Uzbekistan which they do not. But Mr Charles de Croisset, CCF's president, said that by depositing the gold in CCF the Uzbek president clearly had no intention of conferring on CCF "any monopoly". The deposit, Mr de Croisset said, was rather "a symbol to show that Uzbekistan is a serious economic partner for the world".

Mr Karimov complained about the "diktats" of the Russian central bank in running the rouble zone of which Uzbekistan is still part. If this continued, he said, Uzbekistan might set up its own gold-backed national currency, on whose feasibility it had already consulted the Deutsche Bank.

Baby dies as Serbs bar safe passage

By Laura Silber in Belgrade

A SICK Moslem infant died yesterday, after local Serb commanders blocked his evacuation from Gorazde, a Moslem enclave in eastern Bosnia, for medical treatment in the west.

The one-year-old baby, Mohamet Rasenica, was tucked into a French army convoy bound for Sarajevo, after Serb chieftains in Pale, their mountain stronghold, gave permission for him to be evacuated with four other critically ill patients.

UN relief officials yesterday were outraged by Mohamet's death, which follows a similar case earlier this month when a two-year-old Moslem girl died in Zepa, a nearby Moslem enclave also designated a UN safe area. In both instances, Serb leaders gave permission for the medical evacuation of besieged Moslems, only to block it hours later.

Doctors said the patients could be easily treated in normally-equipped hospitals instead of in the Moslem enclaves. "This child would not have died if he had been able to get proper medical treatment," said one.

Serb leaders routinely block the passage of medical supplies, food and building materials desperately needed for the UN "safe areas", cut off from the outside world except when Serb authorities allow access.

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Delors bloodied but unbowed

By Lionel Barber in Brussels

Delors: friends say John Major makes him miss Lady Thatcher

MR Jacques Delors will not be drinking champagne today. He expects little from the special EC mini-summit, and accepts that the battle for faster European political and economic integration has been lost, at least for now.

Recent visitors to Mr Delors' office report that the president of the European Commission seems less moody, more at ease with himself, almost philosophical as he heads towards the end of a 10-year career.

He has been praised as the architect of the single market, but condemned as the engineer of a self-destructing timetable for European monetary union.

However, one reason for the president's apparent serenity is that his *magnum opus* - the White Book on employment, competitiveness and growth - is in its final stages. It will be Mr Delors' Last Hurrah at the EC summit in December. Friends say he is close to resolving the challenge of reconciling his support for the European model of the welfare state and the need to reform Europe's labour markets. With just over a year more in office, Mr Delors sees the White Book as providing the framework for European countries to take the difficult measures needed to restore competitiveness, create jobs, and catch up with the US and Asia.

Friends say that Mr Delors has no regrets about his drive to force the pace of political and monetary integration on the back of the single market.

But he realises that the battle has been lost, for now. An Anglo-French alliance buried federalist-minded plans for a common Europe security and foreign policy at the Maastricht conference table; and the Bundesbank put paid to Emu, at least in the short-term.

Above all, the recession has encouraged the president to re-examine some of his assumptions about the pace of European integration and his place in contemporary history. Some of his conclusions are unexpected.

Mr Delors now believes, for example, that a Gatt world trade agreement by December 15 is in France's interests. Naturally, there are caveats about fair deals for French farmers.

But he recently warned his fellow Frenchmen to snap out of their "national psycho-drama" and to avoid retreating behind a modern-day Maginot Line, the ineffective defence system built between the world wars to keep out the Germans.

On a personal note, Mr Delors has realised how much authority he lost within the Commission as a result of his feud with Mr Ray MacSharry, the Irish commissioner responsible for agriculture. His support for Sir Leon Brittan, the EC's chief trade negotiator, has been more clear-cut.

If Mr Delors has a regret, it is how his views on Europe have been caricatured in Britain, most recently at the Conservative party conference where he was once again cast as the demon socialist/centralist. This week, he was roughed up by Mr Kenneth Clarke, chancellor of the exchequer, at a meeting of EC finance ministers in Luxembourg.

Aides predict that Mr Delors will launch a campaign of TV and press appearances in the UK, in the hope of setting the record straight.

Friends say that Mr Delors detects an intellectual vacuum within the British government led by Mr John Major. This is what most disappointed him about the prime minister's recent article in the Economist on Europe. Mr Delors cannot resist a debate among equals.

You guessed it: he really does miss Lady Thatcher.

Expatriate voting rights speeded up

By Andrew Hill in Brussels

THE European Commission has rushed out legislation to enable the EC's 5m expatriates to vote or stand for election to the European parliament next June in the EC country where they live.

The right to vote in local and European parliament elections in the country of residence is one of the principles of EC "citizenship" contained in the Maastricht treaty, which comes into force on Monday.

But to sidestep accusations that the new "European Union" wants to harmonise long-established national rules on who can vote or stand for election, the Commission yesterday tabled complex legislation which respects existing regulations.

For example, member states like Britain which impose a minimum residence requirement on their electorate, will retain that limit, but will have to take into account the time voters have spent living in other EC member states.

Further rules will prevent candidates disqualified from standing in one member state from joining the party lists in another EC country, and information exchanges should help catch fraudsters voting or standing in two countries at once. The EC will try to ensure the measures are adopted by the end of the year.

In most member states the proportion of expatriates is comparatively low - ranging from less than 1 per cent to 6 per cent. However, some 29 per cent of the Luxembourg population are foreigners – mainly Portuguese immigrants – and the Grand Duchy was worried that some of its constituencies would be dominated by foreign candidates. The draft directive gets round that problem by allowing Luxembourg to prevent all but long-term residents voting or standing for election.

Brussels is to examine the possibility that illegal state aid has kept Daf, the Dutch truck maker, in business for the last three years, writes Andrew Hill from Brussels. Daf went into receivership in February, putting 13,300 jobs in the Netherlands, Belgium and the UK at risk. Its Belgian and Dutch operations were transformed into a new company in March with the help of equity capital and loans from the Dutch state and the Flemish region of Belgium.

The Commission opened an inquiry on Wednesday. If the aid is found to be illegal, the company's liquidators may have to repay the subsidies.

Power cuts 'crippling India's prospects'

By Stefan Wagstyl in New Delhi

INDIA was warned yesterday that worsening power shortages are threatening its economic reforms and its ability to attract foreign investment.

Mr S Rajgopal, who recently retired as chief cabinet secretary, said the growing shortage of electricity was holding back industrial development.

The position was so serious that if all the planned foreign investment actually materialised, India would not be able to provide the basic infrastructure these companies would require. Also consumers were angry. "We saw power riots in Delhi this summer and it's going to increase," warned Mr Rajgopal.

Mr Rajgopal was speaking at an industrialists' conference in Delhi at which many of the participants echoed his gloomy views of the future of the Indian economy and the inadequate impact of the reforms carried out since 1991 by the government of Mr P V Narasimha Rao.

Mr Rajgopal said the government had originally planned to add 48,000 megawatts of generating capacity in the five years 1991-1996, but this had been cut because of financial constraints to a target of 30,558MW.

However, a recent government review showed that the public sector, which dominates the electricity industry, would probably build 13,000MW to 14,000MW of capacity.

India's efforts to attract private investment into the industry had won great attention. But none of this would come on stream before 1996; at best private companies would have started work on installing stations with an output of 3,000MW.

Mr Rajgopal said later the answer was to revive public sector investment in electricity generation. Most other countries, including developed nations, did not rely on private companies.

But he said other changes were also needed including reform of the rules governing electricity distribution and sale to tackle transmission losses, theft and the supply of free or subsidised electricity to many farmers and others.

Mr Pranab Mukherjee, the commerce minister, told the conference he was concerned the economy was growing more slowly than expected. Compared with an annual target rate of 5.2 per cent, economic growth in the year to the end of March 1994 may only be 4.5 per cent.

He admitted that the pace of reform had slowed. Heading a minority government, ministers had no choice but to take political factors into account. He called for a national consensus to support further reform. So far, the government had often taken soft options in reforms – such as cutting government borrowing by reducing capital investment in infrastructure and other needs instead of cutting current spending.

Mr S L Rao, director general of the National Centre for Applied Economic Research, also warned that growth was slower than had been expected and there was a danger of resurgent inflation.

Seoul tries to break up big business groups

By John Burton in Seoul

THE South Korean government is to offer financial incentives to conglomerates that streamline their operations and specialise in a few industries.

The Industry Ministry proposal is likely to be the centrepiece of President Kim Young-sam's policy toward the chaebol, the big business groups that dominate the Korean economy.

Korean governments for the past decade have tried to reduce the size of the chaebol, but with little success.

Officials have long argued that the chaebol have diversified into too many unrelated industries, which is harming their efficiency and global competitiveness.

Korea's leading chaebol, on average, operate in nine different industries, while Japanese business groups normally concentrate on one to three industries, says the ministry.

Under the proposed guidelines, the 10 biggest chaebol, which include Hyundai, Samsung, Lucky-Goldstar and Daewoo, would select three core industrial sectors and the next 20 largest would pick two sectors to develop. The chaebol must select their core industries by the end of the year.

In return, the government would lift restrictions on bank loans and possibly foreign borrowing for these core companies, while providing research and development support.

Chaebol that dispose of other non-core subsidiaries would be allowed to select an additional one or two core industries.

The plan bears some similarity to the last chaebol policy, introduced in 1991, which stipulated that the 30 leading conglomerates had to select three core industries, which would then receive unrestricted bank loans.

But this programme failed to reduce the size of the chaebol or fulfil the government's hope that the chaebol would select their most advanced industries. Instead, the designated core companies were often those needing the most capital investments, such as the troubled petrochemical industry, or ones with the heaviest debts.

The government this time is proposing that core companies must meet certain conditions to qualify. Selected companies, for example, must already account for at least 10 per cent of group sales, which would indicate that they are already competitive.

● South Korea will free most interest rates on November 1 in a key step toward financial liberalisation, the finance ministry announced yesterday.

The action, long anticipated, will deregulate all lending rates offered by financial institutions, except for rates connected with low-interest state-controlled policy loans to strategic industries.

Interest rates on long-term deposits of more than two years will also be freed.

The government has promised to deregulate all interest rates by 1997.

The ministry said that most lending and deposit rates would be liberalised as a result of the current measure. However, non-bank financial institutions will enjoy more freedom in setting interest rates than banks, which have traditionally been under tighter government regulation.

All lending rates offered by non-bank financial institutions will be liberalised and most deposit rates.

Banks say they are seeking an accelerated liberalisation of deposit rates, now scheduled to be completed by 1996, in order to compete more efficiently against rival institutions in attracting funds.

But the government has adopted a cautious approach in liberalising deposit rates because it is concerned that it would force financial institutions to raise deposit rates, with a corresponding increase in lending rates to maintain interest rate margins, as they compete for funds.

The new measure is expected, at least temporarily, to increase loan rates, which could further slow economic growth, at 4 per cent a year already at its lowest level in 13 years.

The government has indicated that it may increase the money supply to keep loan rates from rising sharply.

NEWS IN BRIEF

Boost for regional powers in S Africa

THE African National Congress and the South African government have agreed to devolve more power to regions in post-apartheid South Africa, in an attempt to persuade right wing parties to accept a new constitution, writes Patti Waldmeir in Johannesburg.

The move follows nearly a year of negotiations on power-sharing between regional and central government. They must obtain agreement on this issue from the so-called Freedom Alliance grouping Inkatha and white right-wing parties if the new constitution is to have broad legitimacy.

The proposals, which would deny regions the right to levy their own taxes, and which would guarantee central government a veto over matters such as regional policing and education, may not satisfy the Freedom Alliance whose members demand either a federal or a confederal constitution.

The proposals emerge at a crucial phase of the negotiations, with participants aiming to finalise a new constitution within a fortnight.

Moi 'behind tribal clashes'

Presbyterian pastors in Kenya yesterday accused the government of President Daniel arap Moi of instigating ethnic clashes that have killed hundreds and displaced thousands in the Rift Valley, writes Leslie Crawford in Nairobi.

The victims are peasant farmers of the Kikuyu tribe, the largest and wealthiest ethnic group in Kenya, who are distrusted by Mr Moi, a Kalenjin, and his coalition of minority tribes.

The pastors accused troops, disguised in traditional attire and using clubs and spears, of carrying out the killings.

The worsening violence in the Rift Valley and the government's apparent indifference to the Kikuyus' plight are causing alarm among Kenya's donors, who meet next month to discuss resuming aid.

Burma frees Thai fishermen

The Burmese government is to release 59 Thai fisherman from the Thai-Myanmar joint fishing enterprise who were arrested in June and July for alleged breaches of the law in Burmese waters, writes Chit Tun in Rangoon.

Reuter

Captain Tony Makpo speaks to reporters after special forces of the Niger government, assisted by French troops, yesterday stormed a hijacked Nigeria Airways plane at the Niger capital Niamey, writes Paul Adams in Lagos. Israeli security forces were at the scene on behalf of the Nigerian government. The troops captured the four hijackers, two of whom were negotiating with officials on the runway, and rescued all 20 hostages except the co-pilot, who was killed. The hijackers had threatened to blow up the aircraft unless Nigeria's interim government handed over power. The hijackers belong to the Movement for the Advancement of Democracy, which says it has "decided to make life uncomfortable for the few Nigerians who terrorise the nation economically and politically". The group calls the government "authorised armed robbers" and quoted a US congressman as saying that "roughly 3,000 officials now have Swiss bank accounts totalling $33bn" – more than Nigeria's foreign debt.

HK talks counted out after 15 rounds

By Tony Walker in Beijing

SIR ROBIN McLaren, Britain's chief negotiator in talks with China over Hong Kong, yesterday cast doubt on whether agreement would ever be possible. The vexed negotiations have dragged on inconclusively for 15 rounds since last April.

"I am still uncertain as to whether we can achieve an agreement," Mr McLaren said after two days of talks in Beijing. The two sides have agreed to meet again on November 19 and 20. There still existed "quite a gap" between the parties. He called on the Chinese to be more flexible, but China has shown almost no willingness to compromise in the marathon negotiations.

Beijing has denounced proposals by Hong Kong Governor Chris Patten for an extension of the franchise for municipal elections due next year, and a Legislative Council (Legco) poll in 1995.

China claims that Mr Patten's plans contradict prior agreements on the smooth transition of power to Chinese rule in 1997. They have threatened to dismiss representatives elected under the proposed Patten formula.

The Hong Kong issue will be discussed at a cabinet committee meeting in London on November 10. The session, presided over by Mr John Major, Britain's prime minister, will be briefed by Mr Patten.

Hong Kong's governor said earlier this month that he would be obliged "within weeks" to present to Legco legislation detailing an extension of the franchise for elections. Such a move would be likely to bring negotiations in Beijing over Hong Kong's future to a shuddering halt.

Taba talks make progress

By Julian Ozanne in Jerusalem

ISRAELI and Palestinian peace negotiators wound up their third round of talks yesterday after having made steady progress throughout the week on security issues.

The Palestinian team yesterday said they wanted a police force of 25,000-30,000 equipped with machine guns, helicopters and armoured vehicles. Palestinian officials said there was broad agreement on the police force, but Israel wanted a smaller one equipped with less heavy weaponry.

The police force would be divided into a general force for crime, and special forces for security, intelligence and anti-riot measures. The Palestinians have proposed a police training camp set up in Gaza in the coming weeks.

"By and large I think there is not a big problem on the question of a police force," Mr Ahmed Khalidi, Palestinian delegate, said.

Both sides have had preliminary talks on possible joint control or a joint presence at border crossings, especially at the Rafah crossing from Gaza to Egypt. If agreed, this would mark a considerable Israeli concession.

Deeper splits have emerged about the jurisdiction of the Palestinian police force over Jewish settlers in the Gaza Strip, the right of Israeli police to pursue Palestinians, and the release of political prisoners.

Some Palestinians have accused Israel of reneging on an agreement gradually to free most of the Palestinians held in Israeli jails, numbering up to 14,000. But Israeli officials said "no more free gestures" would be made.

They were expecting reciprocal gestures from the Palestinians, said to include a Palestinian call to suspend the Arab economic boycott against Israel and assurances that Palestinians who have allegedly collaborated with Israel would not be harmed once the Israeli army starts leaving Gaza and Jericho on December 13.

Israelis and Palestinians at the talks, being held at the Egyptian Red Sea resort of Taba, have said that despite the differences there is a momentum, and both sides have praised each other's willingness to seek compromises.

Next week, issues such as the transfer of power from the Israeli-run civil administration to Palestinian hands and the territorial definition of the Jericho area will be tackled. The first visit by a joint Israeli-Palestinian security team to Jericho and Gaza is due next week.

Leading Japanese construction groups named in bribery case

By William Dawkins in Tokyo

THE FIRST trial in Japan's spate of construction industry scandals opened yesterday, as prosecutors arrested two more executives from a leading contractor.

Mr Toru Ishii, former mayor of the northern town of Sendai, admitted receiving Y100m (£625,000) from four leading construction companies – Shimizu (Japan's largest), Mitsui Construction, Hazama and and Nishimatsu Construction. However, Mr Ishii refused to answer charges of accepting a bribe.

He is one of nearly 30 people charged in the widening scandal, in which local government politicians are suspected of accepting large amounts of cash in return for helping construction companies obtain contracts.

Earlier, Mr Kozo Igarashi, the construction minister, said his ministry would "assume responsibility" for officials' failure to prevent the bribery cases. "Top officials cannot be exempt from responsibility," he said. This is believed to be the first time a ministry has made such an offer.

The latest to be detained are two accountants from Kajima, the second largest and most politically influential construction group. They were suspected of destroying evidence of illicit payment to politicians after the arrest last March of Mr Shin Kanemaru, the former political godfather of the then ruling Liberal Democratic party.

Those charged to date include two mayors and two prefectural governors, plus executives from six construction companies, including Japan's top three.

So far, no national politicians – apart from Mr Kanemaru – or central government officials have been charged in the bribery cases, despite the huge amount of information prosecutors are expected to have collected from those arrested.

The likelihood that national politicians or officials could be implicated increased with the recent arrest of Mr Shinji Kiyoyama, vice president of Kajima, which counts many former bureaucrats on its staff. As in previous scandals, the final decision depends on how far prosecutors feel it necessary to go to assuage public opinion.

Industrial outlook still sluggish

By William Dawkins

JAPANESE industry continues to drift in the doldrums, according to the latest production figures.

Industrial output fell by 5 per cent last month from September 1992, and registered a 1.5 per cent rise from the August level, said the Ministry of International Trade and Industry yesterday.

That was better than the market expected, but Miti warned that the month on month improvement is shaky.

Companies expect a sharp drop in production next month, followed by a rise in November. The general outlook is sluggish, Miti said.

Companies appear to have difficulty in getting rid of excess stocks, down a mere 0.6 per cent from August to December, while the prospects for demand are unclear.

Any hopes that overseas markets will help to lift Japan out of recession were further disappointed yesterday when car producers reported that exports fell by 11.7 per cent in the six months to September, compared with the same period last year. That was the sharpest six monthly drop for nearly 15 years, said the Japan Automobile Manufacturers' Association.

A 31.9 per cent rise in exports to other Asian countries over the six months was not enough to compensate for declines in exports to the US and the European Community, Japan's two main foreign markets, where local production by Japanese manufacturers has been increased.

The association expects sales to Asian countries to decline, partly due to China's attempts to cool its economy.

China ends S African trade ban

By Tony Walker

CHINA is formally resuming trade and economic ties with South Africa after a break of more than 30 years, Beijing announced yesterday.

China's Ministry of Foreign Trade and Economic Co-operation (Moftec) said it was responding positively to calls by Mr Nelson Mandela, president of the African National Congress, for a lifting of economic sanctions.

Beijing, which opened a visa-issuing representative office in Pretoria last year, has been trading discreetly with South Africa for years.

In April, the China Council for the Promotion of International Trade mounted an exhibition in Johannesburg at which 80 Chinese companies were represented.

Bilateral trade in the first seven months of this year was put at $294m (£194.7m), an increase of 285.7 per cent over the same period in 1992.

Formal resumption of trade and economic ties, suspended in July, 1960, is a further step towards the establishment of full diplomatic relations between Beijing and Pretoria.

South Africa has continued to maintain diplomatic ties with Taiwan.

● China's gross national product is expected to grow by 10 per cent in 1994, according to an economic model developed by the State Statistical Bureau. This compares with an expected 13 per cent growth this year.

Capital investment was projected to grow 20 per cent in 1994, retail sales 20 per cent, and consumer prices about 10 per cent.

NZ voters offered six by one, half dozen by the other

Nikki Tait on an election in which the main parties differ little both in what they've done and what they promise to do

WHILE world markets look on admiringly at the pace and nature of New Zealand's economic reforms and push its currency higher, the country's population appears battered and confused by the changes.

So much so that, if the opinion polls are any guide, voters look more inclined unenthusiastically to back the known policies of Mr Jim Bolger's ruling National Party than risk further upheaval with Mr Mike Moore and Labour on November 6.

"It's a question of Tweedledum and Tweedledum-ber," says one well-heeled Wellington resident. An unemployed Maori youth in Christchurch, after spending a morning listening to Mr Moore's plans to alleviate youth unemployment, is blunter. "I don't have much time for National", he says, "but what if he [Moore] is wrong? It'll be a bloodbath."

The one economic statistic in everyone's mind is the unemployment rate of 9.9 per cent. It is down from a high of 11.2 per cent last year, but it feels as bad because of the benefit cuts that were enacted in 1991 as part of the country's debt reduction package.

Newspapers run stories of a tenfold increase in demand for Salvation Army food parcels over the past three years. Mr Moore challenges Ms Ruth Richardson, finance minister, to visit the food queues.

In political terms, both the main parties are tainted with responsibility for the pain. It was the Labour Party, under former prime minister David Lange, that began the economic revolution, doing away with decades of heavy protectionism, initiating widespread privatisations and advocating monetary prudence. Mr Moore was a part of that regime.

After six years, New Zealanders decided they had had enough. But, with the world economy slipping into recession, the new Bolger government simply went further down the free-market reform track. It attacked welfare benefits and replaced the country's "cradle-to-grave" welfare system with a more targetted one. And it produced labour market legislation – the

New Zealand

Source: Datastream

Employment Contracts Act – which did away with the traditional system of national occupation awards in favour of workplace bargaining with or without unions.

If voters think that both sides are to blame for the more unpalatable aspects of the economic shake-up, of the past, they also see relatively little to distinguish their policies for the future. The low inflation target – zero to 2 per cent – is locked in by the Reserve Bank Act, although both Labour and National also offer a public commitment to price stability.

National talks of reaching and maintaining economic growth of 3.5 to 5 per cent; Labour wants 4 per cent. It is reckoned to be about 3 per cent now. Both parties, moreover, pledge to reduce the country's debt burden by keeping a tight rein on government expenditure and eventually achieving budget surpluses.

Mr Moore's social policy agenda is the more generous – focused on a halt to commercialisation of the health service, increased help for the jobless, and no more privatisations. However, Labour would not re-instate the benefit cuts made so painfully by National, and some of its headline proposals – such as a repeal of the Employment Contracts Act and community work for the young unemployed – do not have an immediate cost.

That said, even Labour party members admit that the country would need to see their 4 per cent annual growth by 1996 if everything promised in the manifesto is to be implemented.

That, in turn, has allowed National to suggest that the Labour strategy could run the risk of higher taxes – something which Labour has never emphatically denied. For its part, National says that it has ruled out new taxes, although Ms Richardson admits that she has not rejected "closing loopholes".

Fudge, retorts her opponents.

The big card that Mr Bolger has been able to play is timing. Although the jobless figures may be in the forefront of many people's minds – and Mr Moore is using every opportunity to ensure that they stay there – there is evidence that the economy is picking up. Mr Bolger is plainly hoping that the scent of this will deter the electorate from changing course.

Expert performance has been strong despite the appreciating currency. This week the September trade figures showed a 4.3 per cent increase in exports, year on year, bringing the total for the last 12 months to a record NZ$9.3bn (£3.5bn).

The September trade deficit was significantly reduced from the same month in 1992 and the trade surplus for the year was NZ$1.7bn.

There are signs, too, that this exported turnaround is at last beginning to filter through to the domestic economy. Home loan rates, for instance, fell to below 8 per cent just after the election was announced and house sales in the three months to September were 22 per cent higher than the previous year.

Business leaders, who claim to have relatively little interest in which party wins, given the similarity of their basic economic strategies, also say the outlook has brightened considerably. "It's generally very positive," commented Mr Ray Harding, head of the Wellington Chamber of Commerce.

"Everyone's margins were squeezed to hell, and that's reflected in the unemployment levels. But balance sheets are now a little easier, and there are signs of domestic recovery, although that's a relatively recent change."

Changing of guard on the way for US mayors

By George Graham in Washington

MANY of the US's largest cities will wake up next week with new mayors after elections on Tuesday that could mark a changing of the guard among urban politicians.

In the largest city holding an election this year, New York, Mr David Dinkins, the incumbent mayor, faces the same challenger he defeated four years ago, Mr Rudolph Giuliani.

But in a dozen other big cities, incumbent mayors are retiring, bringing forward a new line-up of urban leaders.

"There is definitely a changing of the guard. Some of it is attitudinal, reflecting a pervasive desire for change in American politics, and some of it is generational," says Mr David Bositis of the Joint Center for Political and Economic Studies, a Washington think-tank.

A particularly notable shift is the departure of the first generation of black mayors in cities such as Detroit, where Mayor Coleman Young is standing down after 20 years in office, and Atlanta, where Mr Maynard Jackson first served as mayor in 1974 and returned four years ago for a final term.

Younger black leaders, such as Mayor Freeman Bosley in St Louis or Mayor Mike White in Cleveland – who is up for re-election on Tuesday – have philosophies less deeply rooted in the experience of the civil rights movement of the 1950s and 1960s, Mr Bositis says, and may be more open to proposals such as bussing school pupils to ensure racially integrated schools.

There is also an evident tendency for black candidates to come to the fore in cities where blacks do not make up the majority of the population; they are running not on the basis of race but on a mostly liberal policy platform.

Following in the footsteps of Mr Bosley in St Louis or Mr Norm Rice, who is up for re-election in Seattle, Ms Sharon Sayles Belton, the current Minneapolis city council president, appears to be the leading candidate to succeed Mayor Donald Fraser, who is retiring after 14 years.

If younger candidates are benefiting from a general desire to throw out the old politicians, similar to the wave ridden by Mr Ross Perot in last year's presidential elections, they will also find it difficult to do any better than their predecessors.

A mayor's ability to deal with many of the dominant problems raised in this year's campaign, such as crime, is severely limited at the best of times, but particularly today, when virtually all cities are facing severe budget constraints.

"Being a mayor is not an attractive job in many places because they don't have the resources," said Ms Margaret Weir of the Brookings Institution, another Washington think-tank.

Fujimori set to secure his hold

Peruvians likely to vote Yes in constitutional referendum, writes Sally Bowen

FOR A country still widely perceived abroad as deficient in democracy, Peru has put its citizens through quite a number of electoral procedures in recent months.

On Sunday, across the nation, Peruvians will go to the polling booths for the third time in less than a year, this time to vote on a new constitution drawn up by the congress they elected last November.

It is the country's first ever referendum. The topic is so complex that, according to polling organisations, only one Peruvian in 10 has any real idea of what he is voting on. The government, while spending substantial sums on advertising, has done little to inform voters – the campaign was reduced to a catchy jingle with the slogan: "Say Yes to the Peru you love".

If its 1979 predecessor was statist and idealistic, the 1993 constitution is being officially sold as the gateway to modernity. Mr Jaime Yoshiyama, President Alberto Fujimori's vice-president, says it offers "confidence, security and tranquillity". A Yes vote, he says, is a vote for "the clear path towards prosperity".

In the event, the new constitution, backed by Mr Fujimori's ruling alliance and a handful of small opposition parties, seems on course for approval, although by a smaller margin than at first thought. Last minute opinion polls – which by law cannot be published inside Peru in the two weeks prior to voting – were predicting that more than 40 per cent of all voters would reject it.

> The constitution is being sold as the way to modernity

The No vote seems to have been gathering ground in the past 10 days, in particular in small provincial towns and remote rural areas, precisely the parts which pollsters cannot reliably reach.

"Despite Mr Fujimori's attempts to turn this into a plebiscite rather than a referendum, Peruvians are not seeing it that way," says Mr Alfredo Torres, of the Lima-based research and polling organisation Apoyo. "Many people who broadly support Mr Fujimori are going to vote No, especially at the lower income levels."

The No campaign has been a makeshift affair. Bereft of financing and a key figure to lead it, the campaign has nevertheless managed to focus attention on certain specific constitutional articles. The issues which have aroused most popular opposition are the elimination of "labour stability" – a long-cherished article of faith with the Peruvian workforce – and the threat to free education for all (though proposed changes will affect only the better-off and those at university level).

In fact, the bulk of the "new" constitution remains identical to its predecessor. Constitutional expert Mr Domingo García Belaunde calculates that 60 per cent is unchanged, 30 per cent has been "fine-tuned" and only 10 per cent is genuinely new.

Several of these innovations enjoy wide popular backing: the introduction of the death penalty for convicted high-ranking terrorists commands the support of most Peruvians, as does the modification which allows a serving president to run for an immediate second term.

Less popular, but also less emotionally charged, are changes in the mechanisms of governance. If the new constitution is approved, Peruvians will in future elect a single chamber congress of 120 members instead of the traditional two-house, 240-member parliament. And, at local level, the 12 large and semi-autonomous regions formed at the end of the Alan Garcia government will be eliminated.

The upshot is that post-referendum Peru will be even more centralist than before. And this despite Mr Fujimori's pledge in May 1992 to the Organisation of American States (OAS) that he would instal a "genuine" democracy in Peru in place of the "partidocracy" that has traditionally governed.

> 'This is not a real referendum, but a plebiscite'

In a series of advertisements in local papers this week, the Lima-based Institute for Liberty and Democracy (ILD), headed by former presidential adviser Mr Hernando de Soto, has criticised Mr Fujimori for going back on his pledge.

"This constitution . . . has been drawn up without any popular participation, by congressmen chosen by their party machines and who ran in single, closed lists," the ILD says. "This is not a real referendum . . . [but] a plebiscite."

Peru's new constitution will also enhance the already sweeping powers of the executive. The president will be able to dissolve congress in the face of "grave conflict" between executive and legislature. And he will no longer have to secure congressional ratification for the ambassadors and senior military officers he appoints.

Mr Fujimori argues these constitutional modifications actually redress the balance of power, which had previously been weighted in favour of the legislative branch. He says he expects a "resounding" success in Sunday's poll – resounding, in his view being a 70-30 vote in favour.

In the run-up to the poll on Sunday, some resilient bands of Sendero Luminoso (Shining Path) guerrillas were doing their best to put a damper on official optimism, with bombings and selective killings in Lima and the provinces. But all the indications were that Mr Fujimori would safely clear the last hurdle on his long road back to legitimacy.

Associated Press

Firefighters could do little to halt the progress of a 7-mile wall of fire at Laguna Beach, California. More than 24,000 people were ordered to evacuate the town.

Californian counties declared disaster areas

By George Graham in Washington and Agencies

PRESIDENT Bill Clinton yesterday declared five counties in southern California major disaster areas in response to the brush fires that have so far destroyed at least 500 homes in the region.

Mr Clinton also sent Mr Bruce Babbitt, the Interior Secretary, and Mr James Lee Witt, director of the Federal Emergency Management Agency, to California to help co-ordinate government action.

"It's a huge fire out there and we are going to do whatever it takes to help the people," Mr Clinton said.

Fifteen major wildfires continued burning out of control yesterday across 88,000 acres stretching from the Mexican border to Los Angeles' northern suburbs, giving rise to unofficial damage estimates running into the hundreds of millions of dollars.

At least 30,000 people were forced to flee their homes, while 24 firefighters were hurt, three critically, and at least 12 civilians were reported injured in the blazes.

Hardest hit was the affluent suburb of Laguna Beach, where a 7-mile wall of fire marched toward the sea, devouring more than 300 homes, some of them million-dollar mansions. The town's entire population of 24,000 was ordered to evacuate.

Even Malibu, the up-market coastal enclave of movie stars and millionaires, was feeling the heat. Up to 15 homes sitting atop steep canyons were reported to have gone up in smoke.

"It is a little too early to make any estimates," said Ms Loretta Waters of the Insurance Information Institute.

State Farm Fire and Casualty holds the largest market share of homeowner insurance in California, with about 22 per cent, according to the institute. Allstate is next with 16.8 per cent and Farmers Group is third with 13.6 per cent.

Aristide calls for blockade of Haiti

By Michael Littlejohns, UN Correspondent, in New York

MR Jean-Bertrand Aristide, the exiled president of Haiti, called yesterday for a total blockade of the country, insisting it was essential to force the military to give up power.

But in a speech to the United Nations General Assembly, he also sounded a conciliatory note, sending what he termed "a message of peace to the officers and men of the army of Haiti" who ousted him from power two years ago.

Mr Aristide, who was to return to Port-au-Prince tomorrow under the UN-brokered agreement signed on July 3, promised the Haitian people his eventual return to office would be followed by sweeping change to end "institutionalised violence", restore democracy, revamp the economy and provide jobs for an estimated 70 to 80 per cent of the country's employed people.

Calling on Haitians rich and poor to "march hand in hand", he said they should reject vengeance and "say yes to reconciliation, yes to justice".

His proposal of a total blockade is in line with a French plan already circulating in the UN Security Council that would prevent virtually all trade with Haiti – regarded as the poorest country in the western hemisphere, but according to Mr Aristide, potentially one of the richest.

US, Canadian and French warships began a blockade on October 18 to enforce an oil and arms embargo after Lt Gen Raoul Cedras, the Haitian military leader, refused to relinquish power as he had agreed to do in the New York accords.

George Graham adds from Washington: President Bill Clinton declined to say what options his administration was considering on Haiti, but warned military leaders they would be making a "grave mistake" if they went on "thwarting democracy's return".

"If [Port-au-Prince police chief Michel] François and the others in Haiti believe that all they have to do is to wait out Aristide and everything will somehow be all right, and that the international community will put up with the re-establishment of a Duvalier-like regime there in plain violation of the overwhelming majority of the people of Haiti, I think they are just wrong," Mr Clinton said.

Argentina and Paraguay in dam project

By John Barham in Buenos Aires

ARGENTINA and Paraguay are to privatise the huge Yacyreta hydro-electric dam being built on the Parana River that marks the frontier between the two countries.

Presidents Juan Carlos Wasmosy of Paraguay and Carlos Menem of Argentina said this week they would decide next month how the $8.3bn project is to be sold off. Morgan Grenfell, the London investment bank, is to deliver a report in November analysing the various possibilities.

Yacyreta, being built by Impregilio of Italy and Dumez of France, is the second big hydro-electric dam to be built on the Parana, and two more are planned.

The $15bn Brazilian-Paraguayan Itaipu dam, the largest in the world, lies 300km upriver from Yacyreta.

Construction of the dam, in which Argentina and Paraguay have equal shares, began in 1983 and has already consumed $6.5bn.

The project has been repeatedly delayed by Argentina's political and economic crises. Mr Menem once called Yacyreta a "monument to corruption".

Yacyreta is scheduled to comes on stream in September next year. Once all 20 turbines are installed, it will generate about 40 per cent of Argentina's electricity.

Chile set to overshoot inflation target

By David Pilling in Santiago

CHILE is unlikely to meet its 1993 inflation rate target of 12 per cent after indications of a sharp rise in prices in October. The central bank predicts a monthly rise of around 2.5 per cent, bringing the accumulated rate for the first 10 months of the year to 11 per cent.

Mr José Pablo Arellano, budget director, attributed October's rise to the seasonal bias of the consumer price index, especially in its measurement of food prices. "But November and December can produce very low levels of inflation and we may be very close to our annual target," he said.

Control of inflation, which was brought down 5 points to 12.7 per cent last year, has been a key plank of Chile's macro-economic policy.

● A controversial 450MW dam in southern Chile, potentially the first phase of a $3bn hydro-electric project, is likely to begin operating in 1997 following signing by the International Finance Corporation of a $120m loan deal. The Pangue dam, already under construction, is likely to cost $450m.

Agreement from the IFC, which also plans to take an equity stake of up to $4.7m, removes an important obstacle from a project plagued by environmentalist opposition and courtroom wrangles.

Opponents say Pangue, the first of a possible six dams, will endanger the ecosystem of the Bío-Bío river and threaten the Pehuenche Indian culture.

Endesa, the dam's main shareholder, says environmental impact will be minimal; only 400 hectares of land will be flooded and a handful of people relocated.

Although the IFC agreement has been signed, disbursement of funds depends on "completion and public release of a satisfactory downstream impact study", according to Mr Kent Lupberger, IFC manager for the region.

Tensions throughout IADB

Stephen Fidler on a study of the bank's internal conflicts

A REPORT presented this month to the board of the Inter-American Development Bank found the bank obsessed with a culture of control and subject to tension and conflict at all levels of the organisation.

The report on Latin America's Washington-based regional development bank was commissioned this year by its president, Mr Enrique Iglesias, as part of discussions among government shareholders about increasing the bank's capital.

The report was produced by a six-man "task force" headed by Mr Moeen Qureshi, a former World Bank official who has just stepped down as caretaker prime minister in Pakistan.

Mr Qureshi said yesterday that the group found the bank had an impressive loan portfolio given Latin America's economic difficulties during the 1980s. The bank was probably closer to its borrowers than any other development institution, "which opens possibilities as well as creates problems for the institution", he said.

The report said however that the bank's emphasis on control had "given a high degree of confidence that funds are being used for intended purposes (which is important) but it places concern for results in a distant second place."

This emphasis had slowed decision-making – the process of loan development and approval takes 18 to 24 months – and created an aversion to taking risks. It meant insufficient use had been made of the bank's country offices because most decisions were made at head office. The bank's board was also "excessively involved in operational matters, not enough in policy".

According to the report, the control mentality has meant that "tensions and conflicts which are more intense than in other development institutions are found at all levels of the bank's organisation". This mentality stemmed from the bank's ownership structure and history.

Latin American borrowing members own a majority of the bank – 53.8 per cent – while the US stake is 34.61 per cent. However, only the guarantees of the non-borrowing members are used when the bank raises money in international markets. This means that every dollar raised by the IADB is almost 75 per cent guaranteed by the US government.

Meanwhile, borrowing countries have unduly influenced the allocation of resources, selection of projects, and senior appointments at the bank, the report said.

This had led to a mistrust of management among non-borrowing members. "The bank's shareholders should consider how they can, collectively, reduce the politicisation of the bank." In future, borrowing shareholders should recognise they are not entitled to bank resources but have to earn them through good performance. Management also needed a freer hand in day-to-day operations with the board focusing on policy, but had to be held more accountable for its mistakes.

The importance of change at the bank was heightened by the likely future emphasis on lending for social programmes such as health, education and poverty alleviation. Such loans were inherently more difficult to administer than traditional project or balance of payments lending, in part because of the weakness of government agencies dealing with these sectors and the difficulty in measuring the results.

The report makes 21 recommendations for change at the bank, which last year approved a record $6bn (£3.9bn) in loans and mobilised $827m in co-financings, mainly with the Japanese government.

It advises that more power be delegated to country offices and procurement procedures be modified.

The report was presented to the board last week. Discussions about a capital increase will continue in a working group, expected to put proposals to a board meeting in Washington in mid-December.

Last year, the US administration aired the idea of a once-and-for-all capital increase for the bank. This now seems unlikely, although the idea of automatic capital increases every few years, as in the past, is losing favour.

However, there is growing confidence that calls from some non-regional shareholders – in particular Germany and Japan – for a greater stake in the bank can be accommodated by cuts in the stake held by regional members. This would mean the US accepting a reduction in its shareholding, though not losing its veto and delaying rights as the largest single shareholder.

In another development, the future as a separate entity of the bank's private-sector loans and equity investment arm, the Inter-American Investment Corporation, appears in jeopardy. It has not secured US backing for a capital increase. This is likely to require the bank itself, which has not lent directly to the private sector, to play a bigger role in helping private-sector development.

Mr Iglesias said in April that a capital increase of $30bn-$40bn would let the bank go on lending at the current rate. Bank management hopes that an increase can be agreed to allow for a formal accord at the bank's annual meeting in Guadalajara, Mexico, in April. The last capital increase of $26.4bn was agreed in 1989, allowing the bank to expand its lending by $22.5bn in the four-year period ending this year.

Corruption inquiry starts in Brazil

By Angus Foster in Rio de Janeiro

BRAZIL'S financial authorities yesterday began investigating the bank accounts of nearly 40 Congress members allegedly involved in the corruption scheme unearthed in the government's budget.

Eight of the country's biggest construction companies will also have their bank accounts and phone records opened to scrutiny as the parliamentary inquiry into the allegations gathers pace.

The inquiry is into allegations made 10 days ago by Mr José Carlos Alves dos Santos, a former budget official. He claimed Congress members and other politicians received fees for arranging the inclusion of construction projects in the government's budget, and diverted budget funds to personal schemes.

So far 37 politicians have been implicated, including several senior figures and five former and serving government ministers. But the inquiry is having difficulty finding documentary proof that payments were made and hopes for a breakthrough from the bank accounts.

The 44 congressmen sitting on the inquiry voted to open their own bank accounts to scrutiny, to avoid allegations of involvement in the scheme.

US reaffirms its hard line towards Cuba

By Lisa Bransten in Washington

THE US this week firmly rebuffed speculation that there would be a thawing of relations with Cuba, despite speculation that President Bill Clinton might relax the decades-old embargo.

Mr Alexander Watson, assistant secretary of state for Inter-American affairs, pledged total support for last year's controversial Cuban Democracy Act, which tightened many areas of the embargo, including extending it to foreign subsidiaries of US companies.

Speaking at a conference sponsored by the conservative Cuban-American National Foundation this week, Mr Watson addressed directly "a misconception that has emerged from time to time in the press and elsewhere... that the Clinton administration intends to soften its policy towards the Cuban regime. That is false. We can neither trade nor negotiate away the human and political rights of the Cuban people."

Mr Watson's speech, however, was not laced with the traditional squeeze-Castro-into-submission rhetoric favored by many of the most conservative Cuban-Americans. Instead he focused on the need to increase the flow of information into Cuba and said the Cuban Democracy Act had allowed substantial amounts of humanitarian aid to go to private organisations in Cuba.

Members of more moderate groups who favour negotiations with the communist state said they were not surprised by the administration's tough talk especially given crucial support the powerful foundation gave Mr Clinton in last year's elections.

"He is sacrificing a rational policy for a campaign pledge," said Mr Kevin Harris of the Cuban-American Research and Education Fund. But there were promising signs in the actions if not the words of the administration, he said.

Last month, for example, Cuba turned over to the US two suspected cocaine traffickers who had fled to the island. In another sign of co-operation, the US in September agreed to repatriate Cubans who came to the US in the 1980 Mariel boatlifts and have been convicted of felonies in the US.

Congressman Robert Torricelli, one of the loudest advocates of maintaining the stringent embargo on Cuba, said he had asked Ms Janet Reno, the attorney general, to prosecute a group of US citizens who he said violated the embargo by traveling to Cuba as tourists.

S Korea to open its procurement market

By David Dodwell, World Trade Editor

SOUTH KOREA has agreed to open its government procurement market to international competition during intensive negotiations in Geneva aimed at completing the Uruguay Round of talks on world trade liberalisation. This includes the sensitive construction sector.

Offers are now awaited from just four of the 12 countries engaged in negotiations on opening government procurement contracts to international competition: Canada, Switzerland, Singapore and Israel.

As negotiators yesterday completed the latest round of procurement negotiations, they talked with increasing confidence of resolving differences ahead of the December 15 deadline for agreement on the Round.

A new draft of a procurement text is due to be circulated at the end of next week, with a report due in two weeks on the outstanding obstacles. A final week of negotiation will start on November 15.

Over the past week, improved offers have also been tabled by Japan, the US, and the European Free Trade Association countries of Norway, Sweden, Finland and Austria. South Korea has agreed to open all government procurement contracts in goods and services, all construction contracts, and all contracts for goods from para-statal organisations.

This follows agreement early this week by Japan to open its scandal-ridden construction sector to international competition. Japan has apparently increased the list of services contracts it is willing to open to international tender, and has added 47 para-statal entities to the list of organisations to be bound by the agreement.

Differences still exist about the threshold above which contracts must be open to competition, but there appears to be convergence on the issue. The US, which initially pressed for extremely low thresholds, has raised its proposal to SDR355,000 (£335,000) for contracts for goods and services, and SDR4.5m in construction contracts. It has raised its proposed threshold for contracts from central government entities to SDR100,000, in line with other offers on the table.

Japan remains out of line on this issue, but has agreed in principle to lower its proposed SDR15m threshold for construction contracts.

Apart from the thresholds issue, differences remain on how companies might challenge a government if it reneges on its commitment to give foreign companies fair access to procurement contracts, and how they might win compensation. Differences have to be resolved on rules that would bind non-government organisations to the new procurement regime.

Mr Peter Sutherland, Gatt director general, yesterday sought to reassure India and other developing countries that they stood to gain from a successful conclusion to the Uruguay Round of trade talks, Stefan Wagstyl writes from New Delhi.

Indian ministers said they accepted the assurances, during a visit by Mr Sutherland, and urged a speedy conclusion to the talks. But protest groups of farmers, trade unionists and others, who staged angry demonstrations in the streets of Delhi, vowed to fight for changes in the draft agreement prepared by Mr Arthur Dunkel, Mr Sutherland's predecessor.

Israel seeks a better deal from EC

Improved terms wanted for farm and high-tech products, says Julian Ozanne

ISRAEL and the European Community are negotiating a comprehensive agreement which will reduce Israel's $5bn (£3.3bn) trade deficit with the EC and give the Jewish state substantially improved access to the EC market and Community programmes in research and development.

Israel, however, has voiced strong criticism about the slow progress and the unfavourable EC response to Israel's request for improvement in the access of agricultural and high-technology exports to the European market.

Mr Yitzhak Rabin, prime minister, accused the Community this week of "dragging its feet" in improving economic ties with Israel in the wake of the historic Israeli-Palestinian peace accord.

For several years Israel has been pushing the EC, its main trading partner, to update and improve their 1975 free trade agreement.

Israeli officials say new EC agreements with other countries and changes in Israel's production have eroded the concessions of the 1975 agreement and in some cases made it obsolete.

Israel is also concerned about the growing trade deficit with EC countries. Last year Israel exported goods worth $4.5bn to the EC and imported $9.5bn. The trade deficit with the EC, which is expected to widen this year, accounted for 86 per cent of Israel's total trade deficit in 1992.

Israeli officials say the EC had been holding back from revising the agreement until Israel made substantial progress on Middle East peace talks. Last month's peace agreement paved the way for the preparation of a Commission mandate, which lays the framework for negotiations. The mandate is before the Council of Ministers which is expected to approve it in its meeting in December. Bilateral negotiations will then begin, leading to a final agreement late next year.

Under the mandate the new "association" agreement, similar to EC agreements with eastern European and Maghreb countries, will significantly update and improve Israel's ties with the EC.

Among the new provisions will be Israeli full associate membership of EC research and development programmes, the inclusion of trade in services and bidding for public procurement contracts, an institutionalised political dialogue, and co-operation in customs, environmental policy and the fight against drug trafficking.

Israel has welcomed the prospect of a new agreement, and has praised the EC role in responding with a quick $600m (£397m) aid budget for the occupied territories. It is, however, disappointed the EC has not responded positively to its call for revision in the conditions that determine the access of Israeli high-tech products, agricultural goods and textiles into the EC market.

For high-tech products Israel was hoping the EC would revise the rules of origin and agree to a mutual recognition of standards, tests and certificates which currently act to bar Israeli products.

In agriculture it wants an improvement in the trade of fresh and processed products to increase tariff quotas, shift existing quotas to new products, provide for the export of new products not covered by the 1975 agreement – such as exotic fruits – and let cut flowers enter the market on the same terms as those from countries like Kenya and Zimbabwe.

Rabin: EC "dragging its feet"

Israel, which last year sent $470m in agricultural exports to the EC, also wants the EC to include more products that use water-efficient technology. On textiles Israel is calling for equal terms to those enjoyed currently by east European and Maghreb states.

"We are asking for quick and bold decisions and not arguments over every percentage point," an official said. "Sometimes it seems to us that Europe wants to give birth without having any pains."

QATAR DENIES AGREEMENT ON GAS

Qatar strongly denied yesterday that it was close to signing a gas supply agreement with Israel or that it had even held talks with the Jewish state on such a deal, despite recent statements from the Israeli government to the contrary, write Mark Nicholson in Cairo and Julian Ozanne in Jerusalem.

Israeli officials, including Mr Moshe Shahal, energy minister, continued to insist, however, that a deal with an unnamed Gulf Emirate would be signed within weeks and would focus on the shipment of gas to the Israeli port of Eilat and the construction of a gas pipeline between Eilat and the Israeli port of Ashkelon for export to Europe. Unofficially Israeli officials have named Qatar as the country involved but they have refused to name it publicly.

Mr Abdullah bin Hamad al-Attiyah, Qatar's minister of energy and industry, said: "We stick with the Arab boycott."

NEWS IN BRIEF

India software group to fight US action

INDIA'S largest software company is filing a suit in the US in protest at claims that it broke American law governing the conditions under which its Indian engineers were sent to work in the US, **writes Stefan Wagstyl from New Delhi.**

Tata Consultancy Services, a member of Tata, India's biggest industrial grouping, is reacting to a suit filed in California this month by Californians for Population Stabilisation, an anti-immigration lobby group, which alleges that Tata Consultancy and Hewlett Packard, the US computer maker, infringed American labour laws.

In a suit filed in the Superior Court of California, CAPS alleged that Tata, which had sent employees to work on contract at Hewlett Packard, had ignored US provisions on pay, holidays and payroll taxes. Tata Consultancy denies the claims and plans to file a counter-suit denouncing the CAPS action as malicious.

The suit comes amid growing concern among US software engineers that software engineers from India, the former Soviet Union and other countries are taking their jobs by working at a fraction of American rates.

Their cause was taken up by CBS, the television network, which this month broadcast a documentary alleging that Indian and other software companies were supplying low-cost staff to US companies.

The arguments are important for the international software industry because software engineers from poor countries are ready to work at lower rates than Americans.

Hoffmann pulls out of India

HOFFMANN La Roche, the Swiss drugs group, is pulling out of its Indian subsidiary in a move which will not help the country's campaign to attract foreign investment, **writes R C Murthy in Bombay and Stefan Wagstyl in New Delhi.**

Hoffmann is selling its controlling stake in Roche Products to Mr Ajay Piramal, head of Nicholas Laboratories, a successful local pharmaceuticals maker, because of delays in promised revisions of price controls on drugs. Indian drugs prices are among the lowest in world because of government-imposed limits. They are periodically revised upwards but have generally failed to keep pace with inflation.

The impact of Hoffmann's move on India's efforts to attract other foreign companies may be limited, as the problems faced by drugs companies are specific to their industry.

Mr Piramal is paying Rs320m (£6.6m) for a 74 per cent stake in Roche Products, which in the year to last March had sales of Rs711m.

$200m aircraft deal for Malaysia

MCDONNELL Douglas, the US aircraft manufacturer, has signed an agreement with Malaysia allowing Malaysian participation in the manufacture of equipment for McDonnell Douglas aircraft, **writes Kieran Cooke from Kuala Lumpur.**

The agreement, said to be worth more than $200m to Malaysia over a 10-year period, is part of an offset programme resulting from Malaysia's decision earlier this year to buy eight F/A-18D McDonnell Douglas fighter aircraft. Mr Najib Abdul Razak, Malaysia's defence minister, said the offset programme would give the Royal Malaysian Air Force and local defence industry companies access to the lastest aerospace industry technology.

Nafta talks over, says Salinas

PRESIDENT Carlos Salinas has opposed renegotiating the proposed North American Free Trade Agreement with the new Canadian government, saying that "from our part we have stated that the negotiation is concluded", **writes Damian Fraser in Mexico City.**

"If you open one single line of the two thousand page text, you open everthing else up for renegotiation . . . It's a good agreement for Mexico. Its a good agreement for the US, and we do believe it's also a good agreement for Canada," the Mexican president said in an interview with Sir David Frost.

The new Canadian prime minister Jean Chrétien said on Wednesday he may not implement Nafta without changes to protect Canada's energy reserves, and rules on dumping and unfair subsidies. It is not clear whether his demand would require a re-opening of the original treaty, or whether supplemental agreements to build on those that regulate labour and environment in the region would suffice.

Ericsson in defence venture with Unimor

By Christopher Bobinski in Warsaw

ERICSSON, the Swedish telecommunications company, yesterday signed a joint venture agreement with Poland's Unimor company from Gdansk to produce defence equipment valued at $100m for the country's armed forces.

The deal is the largest of its kind for Poland with an equipment supplier from outside the former Warsaw Pact country.

The mobile radio relay equipment is to be delivered to the Polish army over the next six years and Ericsson hopes to expand sales from Unimor to other east European countries and the Commonwealth of Independent States.

Unimor which makes TV sets, would control two thirds of the equity in the joint venture, which would involve a $25m investment in new technology by the Swedish company.

هكذا من الأصل

Government pulls back from wholesale reform of police force

By David Owen

THE GOVERNMENT pulled back yesterday from controversial proposals to introduce fixed term-contracts and reduced strating salaries for Britain's police forces.

However, it intends to cut about 2,000 middle-ranking police jobs and introduce performance-related pay for all ranks as part of a fundamental reform of police pay and conditions.

The proposals, outlined in the House of Commons yesterday, will also result in police pay being linked to an unspecified private-sector benchmark.

Ministers have decided against implementing many of the most radical proposals put forward by the government-appointed inquiry – chaired by Sir Partick Sheehy, chairman of BAT – into police rewards and responsibilities.

Mr Michael Howard, the home secretary, said the "very far reaching" reforms would help bring about more effective policing, while recognising the "unique nature" of a police officer's job.

The government, which intends to make law and order one of the principal unifying themes of the next parliamentary session, hopes to secure Royal assent for a bill implementing the changes by next summer.

Police leaders welcomed the package as "a triumph of common sense" and a vindication of their four-month campaign against the Sheehy proposals.

Mr Howard's announcement also met with a generally warm response from the Tory backbenches, with Mr Kenneth Baker, the former home secretary, characterising it as a "very sensible, practical and realistic response".

But Mr Tony Blair, the opposition Labour party's law and order spokesman, said there had "unquestionably been the great clamour of a government retreat" but it was still "entirely unclear" in what direction it was retreating.

He called for the ruling Conservative party to spell out more of the detail of its proposals in a number of areas.

Mr Robert Maclennan, the Liberal Democrat home affairs spokesman, said he was relieved Mr Howard rejected the "core" of the Sheehy proposals.

Leaders back secret talks on N Ireland

By Philip Stephens, Political Editor

THE PRIME ministers of Britain and Ireland will today give decisive political impetus to secret negotiations on a new settlement for Northern Ireland.

In a move to regain the initiative from the IRA and push into the background the Hume-Adams peace process, Mr John Major and Mr Albert Reynolds will consider proposals for a new constitutional settlement.

The proposals, drafted over recent weeks by an Anglo-Irish working party, would provide an "umbrella" for negotiations between the political parties in the province.

Its provisions – including changes to the Irish constitution and the creation of a number of powerful executive boards to increase in cross-border co-operation – would come into effect as part of an overall settlement.

That in turn would depend on agreement between the nationalist SDLP and the Unionists on the shape of political arrangements in the province to replace government from Westminster.

At the heart of any settlement would be a commitment by the Republic to replace its constitutional claim to jurisdiction over Northern Ireland with an aspiration to achieve a united Ireland.

In return Britain would acknowledge the legitimacy of that aspiration and would agree to the establishment of a number of cross-border executive boards in areas such as transport, dealings with the European Community's social funds and tourism.

Today's meeting in Brussels will follow a strongly positive response yesterday from London to the set of "guiding principles" for any agreement set out this week in the Dublin parliament by Mr Dick Spring, the Irish foreign minister.

Mr Spring's declaration that the consent of the people of Northern Ireland was essential for any change in the status of the province was welcomed in Downing Street.

There was acknowledgment among UK government officials that the peace process drawn up by Mr John Hume of the SDLP and Mr Gerry Adams, the Sinn Fein leader, still present political hazards for any intergovernmental settlement.

Mr Reynolds, who is expected to outline the Hume-Adams plan in today's meeting, believes that some elements could be incorporated into any agreement between the two governments. The Dublin government believes also that it must take seriously the possibility of an IRA ceasefire.

But senior British ministers said that Mr Major could do nothing to indicate that Mr Adams had any role in negotiations unless and until the IRA announced a permanent and unconditional cessation of violence.

Chancellor of the exchequer Kenneth Clarke arrives for a meeting of the cabinet yesterday which failed to agree public spending targets despite three hours of talks

Pop star claims Sony killed album

THE SINGER George Michael yesterday accused Sony, the Japanese electronics and entertainment company, of attempting to "kill" his last album as a punishment for his refusal to appear in a promotional video, Michael Skapinker writes.

The singer told the high court in London that Sony executives in the US had resisted his attempts to aim his music towards an older market and reduce his appeal to a younger female audience.

He is asking the court to declare his contract with Sony unenforceable because it represents an unreasonable restraint of trade and contravenes EC competition law.

George Michael agreed with Mr Gordon Pollock QC, Sony's counsel, that the company had never tried to dictate what image he should have.

In a written statement, the singer said he had decided to change his musical direction after the success of his album 'Faith'. He said he decided to appeal to a smaller, older audience in his next album, 'Listen Without Prejudice - Volume I'. He said Sony executives in the US failed to promote the album adequately in the US.

He added: "I gained the very strong impression that the album had been 'killed' in order to teach me a lesson."

Discount wholesalers to be viewed as retailers

By Neil Buckley

WAREHOUSE shopping clubs should still be assessed as retailers in spite of Wednesday's ruling in the High Court that a local authority has been right to treat the UK's first proposed discount store as a wholesaler, the Government said yesterday.

The UK's three biggest supermarket chains J Sainsbury, Tesco and Safeway, had attempted to block the development by US club operator Costco, at Thurrock in Essex, on the grounds that it should have been considered a retailer, not a wholesaler, and so been subjected to tougher planning criteria.

But Mr Justice Schiemann ruled on Wednesday that Thurrock was entitled to assess the project as a wholesaler.

The department of the environment said yesterday it expected local authorities to abide by a planning policy guidance note, called PPG6, it issued in July, which advised that "planning decisions should regard [warehouse clubs] as retail uses".

The DoE stressed the judgment referred to one specific case before publication of PPG6.

SmithKline consolidates UK centres for research

By Daniel Green

SMITHKLINE Beecham, Britain's second biggest drug company, is to spend more than £200m consolidating its research and development centres. No jobs will be lost but 1,000 people will be asked to relocate, the company said yesterday.

SmithKline is buying the 40 acre site of BP's maritime centre in Harlow, Essex, which is next to one of its existing R&D centre. This will enable the company to stop R&D at four of its seven centres: Brockham Park, Great Burgh and Reigate, in Surrey, and at Worthing in Sussex.

"There will be significant cost savings through reduction in operating costs by maintaining fewer sites," it said.

The acquisition also "provides enough land to consolidate all UK pharmaceutical R&D in one location".

The £200m capital cost of the scheme, and the costs of relocation, has already been accounted for by the company in provisions for the restructuring of its research side.

SmithKline's plan comes at a time when the drug sector is under increasing pressure to cut prices from governments anxious to reduce spending.

RSI actions put in doubt by ruling

By John Mason, Law Courts Correspondent

THE FUTURE of legal actions claiming that repetitive strain injury (RSI) should be a recognised form of industrial injury was thrown into uncertainty yesterday after a High Court judge ruled that it was meaningless as a medical concept.

Judge John Prosser dismissed a damages claim by Mr Rafiq Mughal, a former journalist with the Reuters news agency, that his work conditions for using computer keyboards were responsible for injuries to his upper limbs.

Although agreeing that Mr Rafiq suffered pain in his hands, arms and shoulders, the judge said its most likely cause was his emotional state. He lacked confidence in his work as a sub-editor and felt victimised by colleagues.

His ruling goes against judgments in other RSI cases. In cases involving both British Telecom staff and manual workers employed by Bernard Matthews, the turkey processors, the courts recognised RSI as a medical condition and awarded damages to those injured.

Mr Mughal's case was the first in a series brought by the National Union of Journalists. Yesterday, The union said it was disappointed at the outcome, but insisted it would continue with some 70 individual actions against newspapers.

Ford warns of decline in output

FORD of Britain warned its unions yesterday that it expected a sharp fall in vehicle production in Britain as it offered a two-year pay deal of 1.8 per cent from November this year and 2.5 per cent next year, writes David Goodhart.

The company, which has lost more than £1m a day since 1990, says a small upturn in demand in the UK is more than cancelled out by the decline in export demand from Europe. It told unions yesterday its UK vehicle production was expected to fall to 392,000 vehicles this down from 447,000 in 1992.

Ford management rejected the unions' claim for a "substantial" pay rise and their request for a formal job security package. It hinted that the company's practice of avoiding compulsory redundancy might have to be abandoned.

It also said that it wanted to reduce lay-off pay by 20 per cent and was seeking more multi-skilling.

Mr Jimmy Airlie, motor industry negotiator for the AEEU craft union, said: "We're bitterly disappointed that they could not respond to our proposals on job security. If it's good enough for Toyota, Nissan and Rover then it should be good enough for Ford".

Costs of Channel tunnel link escalate

By Charles Batchelor, Transport Correspondent

WORK TO prepare a high speed rail link between London and the Channel tunnel could be delayed by a £200m funding shortage, the government will be told today.

Union Railways, the company set up to develop the link, is expected to tell transport ministers that an extra £200m will be needed over the next two years for the completion of detailed design work and land acquisitions along the proposed route.

The company calculated the costs during a six months public consultation exercise, a report of which will be presented to the Department of Transport today.

The main issue facing the government is how to fund further work needed to prepare for construction of the link.

Private contractors and banks are thought unlikely to want to commit themselves to fund the link before the legislation, and the potential for political upsets, has been passed.

Most of the banks which could be expected to finance the project have also been involved in the financing consortium for the Channel tunnel itself. This has been dogged by disputes and the banks would seek greater certainty about the rail link project.

Union Railways has made detailed forecasts of the likely costs of the project but has little firm information on likely revenues. It is unclear to what extent the tunnel will create new traffic or take it from the airlines or the ferry companies.

The government is due to announce a final decision on the route by the end of the year and the project is due for completion by 2001.

Its report contains an evaluation of an overground terminus at St Pancras compared with the original proposal for an underground station at Kings Cross and proposals for three extra intermediate stations along the route.

Of the two possible stations in north London, St Pancras would be several hundred million pounds cheaper than Kings Cross, according to the study.

Union Rail has identified three sites for intermediate stations at Stratford, Rainham and Ebbsfleet, near Gravesend. These stations would available for domestic services and could therefore attract government funding. Under Channel tunnel legislation the government is prevented from financing the purely international infrastructure.

In preparing its report, Union Rail held hundreds of meetings with residents' groups and others to hear their views on the governments proposed route into either Kings Cross or St Pancras.

The company's report includes requests from residents for a doubling of the length of tunnels on the line, to reduce the environmental impact, which would add £350m to the basic £2.6bn cost.

British Aerospace, the UK's biggest aircraft maker, is considering a return to the rail locomotive business. The company may bid to build train wagons for the extension to London's Jubilee underground line. A contract would see BAe re-enter an industry it forsook more than 50 years ago to build military aircraft.

Executives at BAe's Chadderton site at Oldham, Lancashire, are considering bidding for contracts to build train body shells. "We have had some exploratory work into the rolling stock business," the company said yesterday.

MacGregor proposes amendment on BR bids for private franchises

Tory revolt averted on rail sell-off

By Roland Rudd

THE government last night appeared to have headed off a backbench revolt over rail privatisation after Sir Keith Speed, leader of the potential rebel MPs, backed a compromise allowing BR to bid for some franchises.

Mr John MacGregor, transport secretary, has tabled an amendment to the Lords amendment to the privatisation bill preventing BR bidding for any franchise from which there was a "credible" alternative, either a management buy-out or a private sector bidder.

In practice, under the compromise, the franchising director is unlikely to allow BR to bid for responsibility for running rail services in more than a few of the 25 franchise areas.

Government officials said potential Tory dissidents who threatened to rebel over the government's original proposals, under which BR would not have had the right to bid at all, had made clear they would support this latest move.

Asked whether the partial retreat was simply aimed at preventing another backbench rebellion Mr MacGregor said: "This is not a slight of hand. It will still be possible for BR to bid (for franchises)."

The Lords' amendment gave BR the right to bid for franchises. This was opposed by the government on the grounds it would give BR the ability to undercut competitors by cross-subsiding its bid with revenues from other services.

Mr MacGregor's amendment to the Railways Bill, which returns to the Commons next week, will provide that the franchise director can allow BR to bid only if he or she is not convinced that any competitor bidders comply with basic standards.

The minister is understood to believe that his proposals will encourage MBOs and prevent BR, which will not be able to cross-subsidise its bid, from winning more than a small minority of the franchises.

Since BR may be prevented from bidding for many franchises government officials believe their lastest rail proposals will encourage BR to establish MBOs which will be able to bid for every franchise.

During an exchange at Prime Ministers' questions in the Commons, Mr John Smith, the Labour leader, accused the government of "blatant and discreditable" manoeuvres by introducing amendments to allow BR to bid for franchises, but under strict conditions. Mr Smith claimed the government was indulging in a "cynical trick".

Britain in brief

Reform of councils may cost £1bn

The transition costs of local government reform in England "could well exceed £1bn", according to Sir John Banham, chairman of the Local Government Commission.

In a letter to Mr John Gummer, environment secretary, Sir John also warned the review could cause political trouble for the government. He said: "A number of Conservative backbenchers have made it plain to us that they would like to see no change in the present arrangements." Last month, Mr Gummer changed his policy guidance to the commission, and told them that they should recommend replacing counties with all-purpose unitary authorities, even if this involved marginal extra cost.

Conner to cease production

Conner Peripherals, the US disk drive maker, is to cease production at its assembly plant at Irvine, Ayrshire, only three and a half years after the plant opened. Some 200 employees will leave at the end of the year, with 100 staying to operate it as a distribution and service centre.

The company blames competition from non-European countries which it says enjoy lower costs and duty free access to the European market. Recently it announced a restructuring programme after reporting a loss of $372m for the third quarter of 1993.

Formal offer for coal mine

RJB Mining, the Nottinghamshire private mining company, yesterday made a formal offer to take over Monktonhall Mineworkers, the miners' consortium which operates a pit near Edinburgh, for £167,000.

The 167 members of the consortium, who each paid £10,000 for their shares, are being offered £1,000 per share. The board of Monktonhall is urging miners to accept the offer. It is telling them if they do not the company will go into liquidation. It lost £3.7m in the year to May 31 and has net liabilities of £2m.

'Few women' are executives

Only 8 per cent of top executives in Britain are women and the higher up the corporate hierarchy the fewer women there are, according to a survey of 29,000 executives in 533 companies. Mr Paul Gregg and Mr Stephen Machin, from the National Institute of Economic and Social Research and the London School of Economics, take issue with the claim that women are increasing their share of the top executive jobs - ranging from chief executive level to middle management.

Delay urged in gas inquiry

The Gas Consumers Council has asked the government to postpone any decision on the future of British Gas until a new inquiry can be held into the impact on consumers of proposals to break-up the company or abolish its monopoly.

Airline issues tax warning

British Midland, the independent airline, said it would lose £24m in revenues if VAT were imposed on domestic air travel. "There will be significant job losses as a result," said Sir Michael Bishop, chairman.

Productivity on increase

A large majority of Britain's top personnel managers reported growth in productivity among their companies yesterday and predicted further increases in the next 12 months. A MORI poll of delegates at the Institute of Personnel Management Conference found that 80 per cent of them reported productivity increases in their companies in the past year.

RECRUITMENT

JOBS: Research casts doubt on the way company leaders typically try to get tough problems solved

Not brain-power, but frame of mind

UNLESS such happens to be your lot in reality, just suppose that you are the chief of a company threatened by a hugely complicated problem. Since you've tried and failed to solve it yourself, which of the following two options offers you the best hope of obtaining a solution?

A – Single out the highest fliers in the company. Then spell out to them the problem and how crucial it is to the outfit's future, pledging handsome promotion to the one who cracks it.

B – Frame the problem as an abstract puzzle, making no reference to its connection with the company let alone its importance. Then offer the puzzle anonymously as a leisure-time diversion to the entire staff, perhaps via the house journal, inviting answers but without mention of any reward.

My guess is that, simply because the first of the two options seems obviously the right one, most of you will have picked the second. If so, I suspect that those who are actually chief executives responded to my hypothetical question differently from the way they typically react to such issues in real life.

Be that as it may, however, the better chances of obtaining a solution would appear to lie with option *B*. And the evidence for that in turn lies in a research study in a relatively new branch of psychology called reversal theory, which was first mentioned in this corner of the FT three weeks ago.

One of its principal observations is that, when taking action, people are in either of two distinct frames of mind. Moreover, although we can switch (or "reverse") from one to the other, we can never be in both at the same time.

In one of them, which the theory terms the *telic* state, the action is undertaken solely as a means to some pre-set end. In the example I cited earlier, if the goal of saving the firm and so winning promotion causes you to concentrate on the problem, you'll be working on it in a telic way as a task.

The alternative kind of action, called *paratelic*, consists of things you do simply because you want to do them. If the problem is offered to you casually as a puzzle, and you have a try at it because you find it interesting, you will be operating in a paratelic way. You'll be tackling it first and foremost for the sake of doing so, even though you also hope to crack it at the end of the day.

Which of the two mental states is the more conducive to solving complex problems was examined not long ago in a study led by psychologist Stephen Barr of the SPSS (UK) software group. The researchers took 30 volunteers of similar brain-power, 15 in the telic and 15 in the paratelic state, and set them to work on a veritable mind-boggler: a board game whose various pieces could be combined in more than 300,000 ways, only one of which was right.

True to form, the telic group focused on it as a task, frequently exhorting themselves to "think, think, *think*" and the like. Their paratelic counterparts were more casual, one admitting that he'd soon lost thought of seeking to arrange the pieces correctly, and "just fancied putting them all together."

Given that persistence is important to sorting out such complications, which of the two groups would readers think proved the more persevering? It was, in fact, the paratelic set. The telics largely gave up frustrated after trying, on average, for less than half as long.

More surprising in view of the test's difficulties, however, was that six of the 30 actually cracked it. And among the victorious half dozen, the paratelics outnumbered the telic five to one.

NOW to the table alongside which, as in previous years, is compiled from the latest survey of executive rewards in the United Kingdom, carried out by the P-E International management consultancy. The study, which was made in July, covered more than 8,000 executives of ranks ranging from chairman to junior manager employed by nearly 900 organisations of varied kinds.

Any reader who wants the complete report, which contains a wealth of data on salaries and bonuses of which the table takes no account should contact Simon McBride of the consultancy at Park House, Wick Road, Egham, Surrey TW20 0HW; telephone (0)784 434411, fax (0)784 437828 (though he'll be away at the Institute of Personnel Management's conference in Harrogate until the weekend). The report's price is £400.

My extracts are confined to the survey's findings on the fringe benefits typically awarded in the UK executive ranks. The table takes 13 salary-bands from £20,000-£25,000 upwards, and sets out the percentage of managers on the various perches of the pay pecking-order who enjoy each type of perk. The all-ranks figures for 1989 as well as this year at the bottom, by the way, are for all executives covered by the study, including juniors on salaries of less than £20,000 a year.

Michael Dixon

PERCENTAGE OF EXECUTIVES AT EACH PAY-LEVEL HAVING EACH OF THE FOLLOWING BENEFITS:

Salary band (£ a year)	Full use of company car %	Avge list price of car £	Free fuel %	Help with house-buying %	At least 6 weeks holiday %	Enhanced pension %	Free medical insurance %	Share-acquisition schemes: Exec. share option %	Save as you earn %	Profit sharing %	Telephone expense allowance %
20,000-25,000	60.0	13,252	26.5	4.2	1.8	2.8	69.1	8.8	19.8	15.2	19.2
25,000-30,000	77.5	14,380	37.4	4.9	4.9	4.7	77.5	11.3	22.4	17.2	22.8
30,000-35,000	90.0	15,552	51.3	6.3	5.0	11.3	85.2	15.5	27.7	14.6	26.0
35,000-40,000	94.5	17,106	58.9	4.7	9.1	16.4	91.2	26.4	34.5	14.9	28.5
40,000-45,000	95.8	18,139	61.7	5.1	17.3	31.6	89.9	39.0	38.7	15.6	39.1
45,000-50,000	97.6	19,121	64.6	7.3	16.7	37.7	93.0	45.2	45.2	21.0	36.5
50,000-60,000	98.0	20,915	68.6	11.4	22.1	45.1	94.5	53.0	50.1	24.1	41.1
60,000-70,000	98.4	22,788	66.9	14.5	22.3	50.6	91.5	53.6	45.7	25.4	42.4
70,000-80,000	98.9	25,622	69.6	14.6	21.4	53.9	95.8	62.3	48.1	26.1	40.8
80,000-90,000	100.0	27,365	64.9	14.9	19.3	58.9	94.0	70.9	55.2	28.3	35.8
90,000-100,000	97.7	28,519	73.8	15.9	30.6	60.2	95.4	63.6	51.1	35.2	32.9
100,000-120,000	100.0	30,059	69.9	12.2	30.0	65.0	94.3	77.2	57.7	31.7	44.7
Over 120,000	98.6	34,746	67.1	17.7	29.5	67.7	95.3	88.6	71.0	35.5	39.4
All ranks 1993	80.1	-	47.2	6.7	9.9	20.1	80.9	26.6	31.8	18.4	27.9
All ranks 1989	*78.6*	-	-	*8.3*	*10.6*	*18.6*	*75.5*	*22.8*	*29.4*	*18.1*	*37.4*

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They seek to appoint a Treasurer, Chester based, to establish a treasury management function in the UK. Specific areas of responsibility will include the development of treasury systems, banking arrangements, capital raising, liquidity and risk management and all regulatory reporting. The role will involve extensive liaison with the Group Treasury function in the United States.

Candidates should be experienced treasurers, MCT and possess the breadth of experience gained within a corporate or banking treasury function required to undertake this role. In addition you will need to demonstrate a commercial outlook coupled with the interpersonal skills necessary to build and maintain strong relationships.

Interested applicants should forward a comprehensive curriculum vitae to Stephen K. Banks ACMA at Michael Page City, Clarendon House, 81 Mosley Street, Manchester M2 3LQ, quoting reference 165046.

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Sydney

SALES AND MARKETING EXECUTIVES

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EUROPE'S BUSINESS NEWSPAPER

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The Financial Times, universally renowned for its accuracy, objectivity and professionalism, is firmly established as one of the world's leading business newspapers, with an unmistakable brand image. The marketing department has been restructured to achieve still further penetration and to bring added imagination and flair to its pro-active, market driven approach. Regional Sales & Marketing Executives, working in small dedicated teams and responsible for building newspaper sales within their own territories, will be encouraged to identify and pursue new sales opportunities, as well as continuing to ensure effective distribution. Five new Regional Executives are to be appointed to bring life and bite to this new approach. Candidates, ideally graduates in their mid-twenties, will have the marketing flair to plan their own sales strategy as well as the personal style to secure appointments with, and deliver business from, executives at senior levels. They will already have demonstrated their ability in a professional sales environment, probably after a period of formal training. Please send full career details, specifying preferred location, quoting reference WE 3226F on both letter and envelope, to Judy Brasier, Ward Executive Limited, 4-6 George Street, Richmond-upon-Thames, Surrey TW9 1JY.

WARD EXECUTIVE LIMITED
Executive Search & Selection

JAPANESE EQUITIES FUND MANAGEMENT

The opportunity for a young investment manager to take responsibility for Japanese stock selection for pension funds within a major asset management company.

This appointment is based in the London head office of an established UK investment management house. The company has some £15 billion under management on behalf of pension funds, corporates, government, other institutions and retail clients, and operates a disciplined top-down investment process.

As a key member of a young Japanese Equities team, you will be expected to make a contribution to the formulation of our investment strategy for Japan. You will have prime responsibility for stock selection, and the latitude to operate, within sectors specified.

To be considered for this opportunity, you must be a graduate with a solid investment analysis background. You must have managed funds for at least two years and have current experience of Japanese Equities. We offer a competitive package of salary and benefits, including company car, but perhaps more importantly, the chance to take on increasing responsibility and maximise your potential in a leading UK company with a challenging future.

To apply, please write to: **John Sears and Associates, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1H 9BP. Tel: 071-222 7733 or Fax: 071-222 3445.**

John Sears and Associates
Executive Search & Selection in Investment Management
A MEMBER OF THE SMCL GROUP

Head of Control

Financial Markets

Attractive Package — City

Key middle office role within innovative, fast expanding financial markets trading function of major European Bank.

THE COMPANY
- International, successful banking group. Global trading capacity.
- Well capitalised with sound profit history.
- Long established UK presence with recognised product strengths backed by quality delivery.

THE POSITION
- High profile role. Implement systems to ensure integrity of financial reporting and internal controls. Manage small team.
- Analyse performance, monitor risk exposure and report key performance indicators for full range of treasury and financial markets products.
- Build and develop relationships with trading staff and senior management throughout the organisation.

QUALIFICATIONS
- Risk aware financial markets specialist with broad knowledge of products and control environment.
- Ambitious graduate with accounting, MBA or ACT qualification. IT literate.
- Confident, decisive, robust. Exceptional communication and interpersonal skills. Able to develop relationships and credibility at senior levels.

Please send full cv, stating salary, Ref M4214
NBS, 54 Jermyn Street, London SW1Y 6LX

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Stewart Ivory

Investment Manager, Edinburgh — Competitive Salary + Benefits

Stewart Ivory is a highly successful, independent Edinburgh-based investment management company, with a wide and growing customer base and over £1.3bn under management. Specialising in growth stock equity investment in all world markets, it offers a personal service with above average performance.

Due to continued growth, there is a requirement for an individual to join the company, taking responsibility for both specialist stock selection and individual funds.

Educated to degree level, numerate, literate and articulate, candidates will have at least three years' relevant experience in either UK or European equities and in the management of UK pension assets.

Aged in their mid 20s to early 30s, they should also be able to demonstrate a successful track record in stock selection, based on a rigorous, analytical approach. An ability to get on with clients and colleagues is required, together with independence, self-confidence and flexibility. Fluency in a European language would be useful.

This represents a unique opportunity to contribute to the rapid growth of an independent investment house and, over time, to become significantly involved in its management and ownership.

The remuneration package will comprise a competitive base salary, profit-related bonus, non-contributory pension and health care.

Please send a full CV in confidence, to GKRS quoting reference number 208J on both letter and envelope, and including details of current remuneration.

GKRS

SEARCH & SELECTION
Clarebell House, 6 Cork Street, London W1X 1PB. Telephone: 071 287 2820
A GKR Group Company

FIXED INCOME FUND MANAGER

City — Attractive Package

Our client is a major UK Investment Bank with a significant global presence and substantial funds under management. The fixed income group has achieved considerable growth in recent years and an opportunity has arisen for a fund manager to join this team and contribute to its continuing success.

The role will involve managing money in the UK and European bond markets, contributing to the overall investment process of the bond team, implementing investment decisions, maintaining client relationships and supporting the development of the business.

Candidates should be numerate graduates in their mid to late 20's with at least four years experience in the UK and/or European fixed income markets. They should demonstrate good analytical skills and fund management ability. Knowledge of derivatives and European language skills would be additional assets. Strong team orientation and self motivation are essential.

This is an excellent opportunity to join a dedicated professional team. A competitive salary and first class banking benefits will be offered to the successful candidate.

For an initial discussion in confidence please contact us quoting reference 4839, at 20 Cousin Lane, London EC4R 3TE. Telephone 071-236 7307, or Fax: 071-489 1130.

STEPHENS SELECTION
A PART OF STEPHENS CONSULTANCIES
London Edinburgh New York Hong Kong

CITY BASED US INVESTMENT BANK

European Equities and Fixed Income Sales Traders

Our client is a leading force in international securities trading and sales for worldwide institutional clients and high net worth individuals. Following the reorganisation of its coverage of smaller institutional and high net worth accounts along product lines and a refocusing of client coverage across the branch network, it has been decided to recruit one equity and one fixed income sales trader.

- To undertake sales trading to high net worth and small institutional clients who need "odd lot" capacity in the european markets in sizes smaller than $5 million.
- To take positions, manage risk and increase overall volume in the divisions' "flow" business.
- To develop this business within the international branch network worldwide, using trade strategies, education in the product area, and general marketing.

Candidates should be graduates, in their mid to late twenties, with 2-3 years institutional trading or sales experience in the multicurrency fixed income and/or european equity markets; they must have a fundamental understanding of market making and risk taking in these markets. Applicants must be bilingual; language preferences are French, German, Italian and Spanish. A confident and professional approach, and the ability to conduct technical product presentations to salespeople and clients are essential prerequisites.

These positions represent excellent opportunities for motivated young sales traders to join an institution committed to the growth and development of this highly profitable division. Remuneration is highly competitive.

Interested applicants should contact Annabella Humphreys (Equities) or Andrew Stewart (Fixed Income) at BBM Associates Ltd (Consultants in Recruitment) on 071-248 3653 or write, sending details to the address below. All applications will be treated in the strictest of confidence.

76, Watling Street, London EC4M 9BJ — BBM ASSOCIATES — Tel: 071-248 3653 Fax: 071-248 2814

Global Money Markets
Senior PA Role

An exciting opportunity has arisen within our highly successful Global Money Markets operation for an experienced business PA to facilitate the continued development of this complex and diverse global trading business.

You will need to display strong analytical and presentation skills combined with a keen sense of commercial awareness and powers of influence that will ensure the co-ordination and implementation of policies as developed. This role is highly demanding and you will be expected to work long hours and travel at short notice occasionally.

Previous experience in the financial services sector is not essential, but it is expected that you will have gained experience within a keenly commercial environment. Whilst a professional qualification is preferred (Chartered Sec/Acct/Lawyer) we will also consider graduates with business experience.

It is likely that you will be aged between 28 and 38. Salary is in the range of £30-50k with full banking benefits.

Please send your CV with a covering letter describing how you would approach this tough brief to:

Rowena Spence, Personnel Manager
Barclays Global Money Markets, Murray House,
1 Royal Mint Court, London EC3N 4HH

Barclays Global Money Markets

Tyne and Wear Passenger Transport Authority

Programme Co-ordinator Sunderland Metro Extension

Circa £50,000 pa (other benefits negotiable)
Fixed Term Two Years
Based in Newcastle upon Tyne

Tyne and Wear Passenger Transport Authority (PTA) wishes to appoint a Programme Co-ordinator for its £50 million scheme to extend the Tyne and Wear Metro to Sunderland.

The Programme Co-ordinator will be responsible for ensuring that the variety of skills and talents required to complete the next stages of the project dovetail with the objectives, budget and timetable set by the elected councillors of the Authority.

To that end, the Programme Co-ordinator will work with other members of the Project Development Group and will take charge of the day-to-day management of all aspects of the scheme's development, including specification, authorisation, tendering strategy and financing.

The successful applicant will need to demonstrate:
- an impressive track record in project management, preferably including experience in fixed-rail or other transport systems
- a keen awareness of the safety aspects of constructing and operating major infrastructure projects
- extensive experience in negotiating with public and private sector organisations at a high level
- excellent communication skills
- a proven ability to work as a member of a team
- a high degree of self-motivation
- ingenuity and innovative flair

The Programme Co-ordinator will report to the Clerk to the PTA and work within the Passenger Transport Executive.

For an informal discussion, please contact Sean Daley on (091) 232 0737.

Application forms and further information available from:
Personnel Officer to the PTA,
Civic Centre, Barras Bridge, Newcastle upon Tyne NE1 8QJ
Telephone: (091) 232 8520 extension 6035.

Application form or alternatively a CV returnable to the above address. Applications on a secondment basis will be considered.

Closing date: 12th November, 1993.

MANAGING DIRECTOR / LUXEMBOURG BANK

MAJOR GLOBAL FINANCIAL SERVICES GROUP

POSITION FOCUS: Securities Services Global Custody

Substantial Package

The Company
- Global Financial Services Group with a leadership role in Investment Banking, Securities Trading, Foreign Exchange, Commodities, Asset Management and Securities Servicing.
- Worldwide locations with principal offices in New York, London, Tokyo and Hong Kong.
- Strong Financials, Stable Credit Ratings, Achieving record Operating Results."

The Position
- Luxembourg Based Managing Director responsible for operation of IML regulated Bank with a particular focus on Global Custody, Fund Accounting and Administration, and Securities Services.
- Directly responsible for all of the Bank's employees, its Luxembourg based business and its integration into the larger group.

Qualifications
- Banking/Accounting background
- Securities Services experience
- Business Builder/Strong Manager
- European Orientation/Languages
- Team Player with Strong Communication Skills
- Demonstrated Capabilities of Managing a Profitable & Dynamic Business

Please send full CV (stating current salary) in the strictest confidence to Box No. B1874, Financial Times, One Southwark Bridge, London SE1 9HL.

European Investment Manager

Based in Sydney, Australia.

Bankers Trust is not only Australia's leading investment bank, it is also one of the world's most respected funds management groups with over A$20 Billion under active management. This role represents an exceptional opportunity and may suit an Australian national who is ready to return to Australia permanently.

Drawing on your indepth experience in European markets, your analysis of industries and companies will be applied to the management of the BT equity portfolio. You will be accountable for stock selection and contribute to country economic and equity market forecasts. Reporting to the head of the European equity group, you will also interact with the whole of the international group in a strong team environment.

Your background will include at least 5 years' experience in company/industry analysis for the European markets, probably gained in funds management. This will be supported by a solid knowledge of company accounts and strong tertiary qualifications in an analytical discipline.

Joining BT's performance-focused team, you may anticipate excellent rewards. To apply, please forward your CV to:
Joanne Hogan, Assistant Vice President, Bankers Trust Company,
1 Appold Street, Broadgate London EC2A 2HE.

Bankers Trust Australia Limited

Expanding Global Investment Fund Has Immediate Openings For:

- Experienced Senior Equity Portfolio Manager to handle Global equity funds. Ideal opportunity for someone who has reached a ceiling in a large institution. Must have proven track record for 7-10 years.
- Two additional global equity analysts with a minimum of 5 years experience, CFA helpful.
- Experienced Global Fixed Income Fund Manager

Knowledge of foreign language and experience in both emerging and developed markets a plus. Willing to travel, single status preferred. We are performance compensated and offer a base salary and incentives. All replies held in strictest confidence. Send resume and references to:

Box B1876, Financial Times,
One Southwark Bridge, London SE1 9HL

Standard & Poor's Insurance Rating Services

Director, Insurance Ratings

Standard & Poor's Insurance Rating Services – the industry's pre-eminent provider of insurer financial strength ratings worldwide – require a highly experienced **Analyst** for their London office.

As part of a professional team, your principal task will be to assess the financial strength of **European insurance and reinsurance companies.** This will require the application of in-depth quantitative analysis of financial statements; qualitative assessment of corporate strategies based on detailed, ongoing communication with company senior management; and production of thorough and insightful written analysis. Additionally, you will contribute regularly to the group's publication efforts, and play a key role in the enhancement of rating criteria and methodologies.

Aged mid-30s or older, you will have amassed considerable experience in the insurance industry; thoroughly understand insurance market dynamics; and be familiar with regulatory environments. High quality written and oral communication skills are essential. London Market expertise and a working knowledge of a foreign (European) language would be valuable.

An attractive salary and benefits package is offered, dependent on experience.

Please apply in writing only, enclosing a full curriculum vitae, to:
Karen A Knoller, Director, Insurance Rating Services (Europe), Standard & Poor's Insurance Rating Services, Garden House, 18 Finsbury Circus, London EC2M 7BP.

Treasurer

c£60,000 + Bonus — **London**

Our client is a sophisticated unit in one of the world's largest financial organisations. It is responsible for managing multi billion dollar asset portfolios and is a major AAA rated issuer in the Euro and US domestic CP & MTN markets.

Specialised techniques including extensive use of the derivatives and FX markets are employed to enhance returns within agreed risk parameters.

The continued growth and expansion of these activities has identified the need to appoint a Treasurer who will be responsible to the Managing Director for developing and managing funding arrangements in order to reduce costs and manage risks and exposures. The person sought will be a high calibre treasury professional with a successful track record in the analysis, negotiation and management of diversified funding sources, particularly in the CP and MTN markets. Detailed practical experience of using derivative techniques to achieve best results is essential.

An excellent basic salary will be supplemented by a banking benefits package, and bonus potential is exceptional for measurable performance.

If you wish to apply for this position please write - in confidence - enclosing a CV and details of current remuneration to Douglas Austin, Ref: A22A13, MSL Group Limited, 32 Aybrook Street, London W1M 3JL.

MSL International
CONSULTANTS IN SEARCH AND SELECTION

SIGECO UK

EUROPEAN EQUITY SALES PROFESSIONALS AND INVESTMENT ANALYSTS

SIGECO (UK) Ltd, the London-based international investment banking subsidiary of the IMI Banking Group, is expanding its world-wide sales capability through the recruitment of:

- research-orientated sales and trading people with proven track records and a minimum of 3 years' experience of trading or selling European equities: and,
- investment analysts with a minimum of 2 years' pan-European experience in the utilities, non-durable consumer goods, insurance or engineering sectors.

Candidates should possess excellent interpersonal, communications and presentation skills, be PC literate, strongly numerate, fluent in English and (preferably) another European language.

The company offers an attractive compensation and benefits package and the opportunity to work in a non-bureaucratic dynamic team environment.

Interested candidates should send their curriculum vitaes, including salary details and photograph to:

Personnel Director, Maureen McGurk,
SIGECO (UK) Ltd, IMI House, 8 Laurence Pountney Hill, London EC4R 0BE

MOODY'S INVESTORS SERVICE

Research Associate - Financial Institutions Group

This position provides support to the Financial Institutions Group, and involves undertaking detailed background research and quantitative analysis. Moody's is seeking a numerate graduate with an interest in financial markets. PC skills, including a knowledge of spreadsheets and databases, the ability to write macros in Excel or Lotus, a European language, and a knowledge of bank and/or insurance company accounting would all be advantageous.

Applications, including either a curriculum vitae or standard application form, should be made in writing to Janet Unwin at the following address:

51 Eastcheap, London EC3M 1LB.

MALAYSIAN RESEARCH ANALYSTS/ INSTITUTIONAL SALES

Competitive Salary plus Profit Incentive Scheme
Location: Kuala Lumpur, Malaysia

We are a Kuala Lumpur based stockbroking company. Fundamental to our business is value-added research on Malaysian companies and the economy and the ability to communicate research products and ideas to our clients.

Internal career development and business expansion have created the need for a number of additional analysts and sales persons. The positions require sound analytical, verbal and written communication skills and a good command of English is essential. We are keen on MALAYSIANS with 4 – 5 years working experience and in particular those with a financial or accounting background. Applicants should possess superior academic qualifications.

We are a progressive organisation and for people with potential, there are exceptional career development opportunities. We operate a profit related incentive scheme in addition to a competitive salary.

If you have the experience and qualities that we are seeking and can rise to the challenge, we would like to hear from you. Please write with full career history and contact telephone number to:

The Executive Director,
Zalik Securities Sdn. Bhd.
9th Floor, Menara Aetna Universal,
84 Jalan Raja Chulan, 50200 Kuala Lumpur.

or fax details for attention of Shana at 603-2625009.

ZALIK SECURITIES SDN. BHD.
A Member Company of The Kuala Lumpur Stock Exchange
A Hong Leong Group Malaysia affiliate

Gartmore

ASSISTANT COMPLIANCE OFFICER

Gartmore is one of the leading international fund management groups with over £17 billion under management. Due to its increasing business, the company is seeking to appoint a further assistant compliance officer. Joining a team of seven (including administrative staff), your duties will include:

- Negotiating and dealing with enquiries concerning IMRO governed investment management agreements for segregated and pooled pension clients
- Involvement in specific transactions embracing contract negotiation and project co-ordination
- Involvement in specific regulatory or legal issues and internal procedures
- Contribution to the general compliance work of the department
- Other general commercial matters

You will be a qualified solicitor or barrister with 1-3 years' relevant experience, ideally within another financial institution or in the financial services department of a law firm. Essential qualities are strong negotiating and drafting skills and a team-orientated, commercial personality.

In return, the company will offer you an excellent City salary and benefits package.

For further information, in complete confidence, please contact Stephen Rodney on 071-405 6062 (071-354 3079 evenings/weekends) or write to him at Quarry Dougall Commerce & Industry Recruitment, 37-41 Bedford Row, London WC1R 4JH. Confidential fax: 071-831 6394. This assignment is being handled on an exclusive basis by Quarry Dougall Commerce & Industry Recruitment. All direct applications will be forwarded to Quarry Dougall.

QD
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A whole market just for us.

It's not just a question of smart ideas and strokes of luck: commercial successes, as well as brilliant careers, are built on pragmatism and coolness. A good deal of creativity and risk-taking attitudes complete the picture of the manager we are seeking, as they are the fundamental ingredients on which our successes in components/electrotechnics are based. We are leader in Italy. But half our total revenue comes from abroad. To further increase our share in international markets, we need to fulfill the position of

Export Sales Director

The candidate should be able to rapidly absorb all the issues concerning the Company's commercial policies, products and sales networks. Thus he will be able to face successfully the challenges of the position: to prepare and implement efficient marketing plans, to improve internal and external structures, to increase the volume of sales and the profitability index. The manager we are seeking is between 35 and 40 years of age, has a deep understanding of international cultures, has experienced demonstrably successful sales achievements working for industrial companies operating both domestically and abroad. He has a University degree and, preferably, an MBA and is fluent in at least two foreign languages. Based in Milan, he should be willing to spend a lot of working time abroad. We are able to offer a top-of-the-market salary to an outstanding candidate. If our offer is of your interest, please send your C.V. to C.I.Mk. - Via Correggio 18 - 20149 Milano - Italia, quoting the reference DCE on the envelope. All information will be treated as strictly confidential.

In *Europe* and in the *world.*

ASSISTANT TRADER

Strategic Positioning Group

International Bank — **City**

Our client is one of the world's most prestigious financial institutions and a pre-eminent force in the global trading markets. Fundamental to this success is the bank's ability to capitalise on trading opportunities across the full range of cash and derivative instruments.

The London-based strategic positioning group now requires an assistant trader to manage the cross product positions of trades in other time zones and to contribute to the trading portfolio in Europe.

Candidates should have a minimum of five years' experience gained in a multi-market cross-product environment (in particular FX, money markets and bonds/bills) including exposure to balance sheet management and funding techniques. This role demands highly developed analytical and quantitative skills and it is highly likely that the successful candidate will be a graduate with an additional qualification, ideally an MBA. In addition a thorough understanding of trading and settlement issues is essential.

This is an outstanding opportunity for a young, ambitious and goal orientated trader who has the ability and desire to progress quickly to the position of Capital Manager. The rewards will also include a competitive basic salary, bonus and a comprehensive range of banking benefits.

Interested candidates should write to Paul Mewis at BBM Associates Ltd (Consultants in Recruitment) at the address below enclosing a detailed Curriculum Vitae. All applications will be treated in the strictest confidence.

76, Watling Street,
London EC4M 9BJ

BBM ASSOCIATES

Tel: 071-248 3653
Fax: 071-248 2814

Assistant Fund Manager

US Equities

Based at our City Office, MGM Assurance offers an ambitious graduate, aged mid-20's with experience of US company analysis, an opening into fund management.

As well as assisting and deputising for the US Manager, with funds under management of £50m, there will be the opportunity to gain experience of other overseas markets.

To progress your application for this position which offers a good basic salary and benefits package including generous bonus scheme, please forward your c.v. with details of current remuneration to Personnel Department, MGM Assurance, MGM House, Heene Road, Worthing, West Sussex BN11 2DY Tel: 0903 204631.

MGM
assurance

JAPANESE SPEAKERS-

International Banking

IBJ International, the principal merchant banking arm of the Industrial Bank of Japan, established in London in 1975 and acknowledged as a major force in the world capital markets, is characterised by its innovative approach and global commitment.

Continuing our expansion programme and building on the quality and depth of our resources, we wish to recruit a number of Japanese speakers.

Ideally of Graduate calibre the applicants will have:

- fluent Japanese speaking, reading and writing ability
- 1-3 years in an International financial environment
- knowledge of safe custody and/or settlements procedures
- strong communication and negotiation skills
- initiative, ability to make quick decisions
- p.c. literacy (knowledge of Lotus and Windows based packages preferred)
- flexible attitude
- SFA qualifications would be an advantage but are not essential as training will be provided.

Competitive salaries, including normal banking benefits, will be offered to the right candidates, together with excellent career prospects.

Please write with a full CV including details of current remuneration to:
Karen Neffar, Personnel Department

IBJ **IBJ International plc**
Bracken House, One Friday Street, London EC4M 9JA

Standard Chartered

Chief Economist

Treasury Capital Markets - London

Package to Attract the Best — City

Outstanding opportunity for a performance driven, markets aware Economist.

THE COMPANY
- Standard Chartered's unique international network stretches through 50 countries.
- To its clients it is both global and local: a powerful combination.
- Global Treasury operations are highly professional, profitable and extremely active.

THE POSITION
- Head the economic function within large, powerful Treasury. Senior member of Bank's international treasury economists' network.
- Work with and influence key decision makers. Establish strong dealing room presence.
- Ensure strong emphasis on corporate advisory function.
- Flexible job parameters create maximum opportunity. Analyse. Comment. Inform.

QUALIFICATIONS
- Graduate Economist. Knowledge of some/all Treasury products and world markets. Interest in exotics desirable.
- Ambitious, robust, persuasive, with impressive communication skills.
- Ability to perform and thrive in dealing room environment.

Please write, enclosing full cv, ref M4322
NBS, 54 Jermyn Street, London SW1Y 6LX

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DAVY
STOCKBROKERS

INSTITUTIONAL EQUITY DEALER - DUBLIN

J & E Davy, Ireland's largest firm of Stockbrokers with the widest range of corporate, institutional and international contacts and a very strong research base, wish to recruit an equity dealer to join their existing equity team.

The successful candidate is likely to be Irish, between 25-30 years of age, well qualified academically, probably with a business degree or other relevant qualifications, currently working in either broking or investment management. Applications from individuals currently working outside Ireland will be particularly welcome.

Ideally candidates should have a high degree of self motivation, good communication skills, and be capable of working with the existing equity team.

The remuneration package will be very attractive to the suitable candidate. Davys offer exceptional career prospects in a growing firm with an outstanding record of success.

Reply: The Secretary (Ref. ED),
Davy Stockbrokers,
Davy House,
49 Dawson Street,
Dublin 2

GLOBAL INVESTMENT BANK
CORPORATE TREASURY

CITY — £ EXCELLENT

This major US Securities firm's global activities span an extensive range of financial services and products. An extremely impressive performance record, combined with a strong capital base, is driving the expansion of the bank on an international scale.

The treasury area of the firm, responsible for liquidity, capital management and cash mobilisation is currently experiencing a period of rapid growth. As a result, this high profile area now has an outstanding opportunity for two experienced professionals to join the team.

Funding Manager

Reporting directly to the Regional Treasurer, your responsibilities will include:
- Managing the funding requirements for the European Region
- Providing liquidity to all the business units
- Frequent interaction with the trading areas as well as finance and treasury departments in Europe, Asia and New York

Applications for this position are invited from individuals with 3-5 years' experience in money market and foreign exchange dealing. In addition you will be a graduate and ideally ACT qualified.

Treasury Analyst

Following a thorough training period you will undertake the following responsibilities:
- Support the main functions of treasury, providing comment and analysis for the department and other areas of the bank
- Liaise directly between other banks and the parent company
- Be responsible for the development of major new projects

For this position graduates, possessing a minimum of 3 years experience within a sophisticated treasury environment, will be of interest.

Excellent communication and interpersonal skills are a prerequisite for both positions. In addition, you will be a self-starter who is able to work effectively in a team orientated environment.

For ambitious and highly motivated professionals, this is an excellent opportunity to advance their career within one of the most progressive and dynamic institutions in the City. Remuneration will include substantial basic salary, bonus scheme and benefits package.

Interested candidates should call David Twiddle on 071-379 3333 (fax 071-915 8714), or write to him enclosing a detailed CV at Robert Walters Associates, 25 Bedford Street, London WC2E 9HP.

ROBERT WALTERS ASSOCIATES

CAREER OPPORTUNITIES IN ASIA!
BOND SALES/SENIOR FOREX DEALER
£50-80K p.a. (15% TAX)

Several clients of ours in HK are looking for experienced professionals to work in their HK office.

The appointee for Bond Sales will be responsible for serving and developing institutional and individual clients. The product range covers all Eurobonds, U.S. Treasury Bonds, Japanese Government Bonds, European Government Bonds and HK Dollar Debt Securities, etc.

The ideal candidates should be a degree holder major in Economics or Finance and have at least 5 years relevant experience in the bonds and securities business either as a bond sales or trader.

Senior Forex Dealer candidates are expected to have several years of forex trading experience in major currencies.

Our partner will be in London during 2-12 November to meet possible candidates for these positions. Interested candidates please apply in strictest confidence with your detailed CV to our fax no. (852) 810-0235 4/F Dina House, Ruttonjee Centre, 11 Duddell Street, Central, HK or to Hong Kong Executive Search representative office, 9 Hill Street, London W1X 7FB.

HONG KONG EXECUTIVE SEARCH

Compliance Manager
Edinburgh
Are you truly committed to protecting customers' interests?

- Do you strive to achieve more than is necessarily expected of you?
- Are you a highly organised and disciplined person?
- Do you think close attention to detail is important?
- Can you gain the commitment of others whilst maintaining a close relationship with them?
- Do you enjoy motivating your team to achieve goals and maximise their potential?

At Standard Life we take our compliance responsibilities seriously. In line with our values of integrity and customer service, we believe in following the spirit as well as the letter of the regulations and we're now looking for a senior compliance professional who shares that aim.

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هكذا من الأصل

ACCOUNTANCY COLUMN

Conservative balancing act shows signs of strain

Andrew Jack wonders about the wisdom of a 'pick and choose' approach in party accounts

ONE THING unites and another divides two recent political documents tinged with more than a hint of blue. The first is "The Downing Street Years", the reminiscences of Margaret Thatcher, the former prime minister. The second is the freshly revamped Conservative Party accounts.

Both are alike in portraying events in the best possible light, where necessary with a highly partial view of events. But while the former is voluminous in its justification, ranging over more than 900 pages, the latter is, in contrast, extremely thin on detail. Which of the two is more readable or more controversial is open to debate.

The details in the Conservative party accounts, and the inadequacies in the accounts of the two major opposition parties, raises the case for a greater degree of standardisation of financial reporting among political organisations, and perhaps even for a formal set of guidelines.

There is no doubt that disclosure has increased markedly in the Conservative Party. The 1992 accounts were just four pages long, and contained a minimum of information. There was a simple income and expenditure account, showing a deficit for the year of £5.5m.

In comparison, those for the year to March 31 1993, which were released just before the Conservative Party conference at the start of this month, run instead to 20 pages enclosed in glossy covers.

The party has made the most of its auditors, Coopers & Lybrand, which it says advised it on greater disclosure, and which it paid £27,500 for audit work and £17,700 for other accounting work last year.

It also enlisted the help of Andersen Consulting, to advise it on reorganisation. As a result, Mr Nicholas Edwards from the firm sits on a working party of the National Union designed to help with restructuring.

Perhaps most important in the 1993 accounts for the first time there is a balance sheet, which highlights the fact that the party has a net deficiency of assets of £13.3m.

That is far more than either the Labour Party, with a deficit of £10,000, or the Federal executive of the Social and Liberal Democrats, with a deficit of just over £122,000.

But that raises a difficulty. Auditing standards state that "the facts should be explained clearly" if there is any doubt about whether the company is a "going concern".

Labour notes that its accounts have been prepared on a going concern basis because Unity Trust bank will provide an overdraft of up to £825,000 for 1993, and the Co-Operative Bank has agreed conditional overdraft facilities of £1.9m.

The Liberal Democrats note intriguingly that "funding required in excess of the joint overdraft facility is provided by certain individuals in the form of interest free informal loans". Again, there is some reassurance.

But there is no such guarantee *for* the Conservative Party, despite its far larger deficit. Nor is there any indication that the directors are required to prepare the accounts on a going concern basis.

The Conservative accounts give the appearance of being forward-looking by adopting the new-style audit report and statement of directors' responsibilities, which is not yet compulsory for companies, But the party has been selective, including all elements except the one that requires the directors to remind readers of their obligations.

There are some other areas where this pick-and-choose approach is evident. The accounts apparently adopt Fred 4, the accounting standard still in draft form which stresses economic substance over legal form, by including five "quasi-subsidiaries" which the party does not formally control.

Just three of these have filings at Companies House, and do provide some interesting revelations. Not least is the fact that the auditor to Bourne Association is also a shareholder in the company: a position which could be perceived as jeopardising his independence.

The inclusion of the quasi-subsidiaries strengthens the Conservative's balance sheet considerably by including £5.9m in properties – mainly representing the London headquarters at Smith Square, which is held directly by a company called Bourne Association.

But Fred 4 says "a summary of the financial statements of each quasi-subsidiary should be included in the notes to the accounts". There is no such disclosure.

Nor do the accounts include financial details of the constituency associations, which the accounts show provide it with interest-free loans repayable on demand totalling more than £2.7m in the last financial year, and which could also arguably be considered as quasi-subsidiaries.

The Conservatives can claim that the party is not obliged to comply with accounting standards or company law. But its accounts state that they have been prepared "in accordance with accounting standards and, so far as is pertinent, the Companies Act".

In addition, the Coopers' audit report – which is not qualified – does state that the accounts give "a true and fair view", which suggests they follow the financial reporting rules laid down in company law and accounting standards.

The legal status of all the political parties is rather vague. The Conservatives won a victory against the Inland Revenue in the early 1980s that determined it was not liable to pay tax on income – though it does on investments.

But since it is not incorporated, that raises the question of whether all the members of the Conservative Party are protected by limited liability and may be called upon to make good any deficit to creditors.

The Liberal Democrats note that its parties are unincorporated associations, which do not have a legally separate identity of its members, and who do not have limited liability. There is no such detail in the Labour and Conservative accounts warning of such a similar potential exposure to members.

There are some other points of interest in the Conservative accounts. For example, the party revalues its property – reducing its value by £2m – but then knocks off a further depreciation charge to reach the assets figure shown in the balance sheet.

It says the assets exceed the liabilities of its defined benefits pension scheme by £367,000. But it gives this figure rather than expressing it as a proportion, as required by SSAP 24, the accounting standard on pensions.

That is not to say the accounts of the opposition parties are by any means perfect. Both Labour and the Liberal Democrats insist on using a confusing selection of different funds statements – the latter with interlocking accounts from the federal party and the English party, for instance.

Labour's auditor, Hard Dowdy, makes reference to a true and fair view of "the financial statements" although the numbers are consistently referred to the "statement of accounts" in its document. There is no accounting policy note on leases, though the accounts make it clear the party has some.

The Liberal Democrats, audited by Grant Thornton, tuck away in reserve movements £17,189 shifted between the income and expenditure account and the general election fund from a Visa card product.

What is needed is a far clear set of guidelines on how to define the entity for which all three parties' should be accounting; more consistent application of standards; and clearer thought about the format used to show figures.

At present, there are clearly still a few too *many* partial political slants on the accounts presented by Britain's parties.

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Financial Director Designate

MERSEYSIDE *Circa £40,000 + Car + Bens*

Our client, a well established, respected and successful vehicle distribution, servicing and repair group is a dynamic market leader with a reputation for delivering customer satisfaction.

Recent internal reorganisation has created an excellent career opportunity for a Finance Director Designate to be based at their Merseyside operations. This is a new position which reports directly to the Group Main Board.

As part of a fast track management team the role will impact upon the key operating sectors of this company, providing significant commercial contribution to their business development and having direct responsibility for the control and provision of the full range of accounting services, managerial information, systems design, implementation and development and staff supervision.

Applicants should be qualified accountants, age 32-40 years, who have experience of working at a senior management level, preferably within a similar operating environment, and can demonstrate a record of achievement in their career to date. The remuneration package on offer is commensurate with experience and will not be regarded as a restricting factor.

The ability to make intelligent decisions and the possession of strong commercial flair, excellent presentation and interpersonal skills are prerequisites.

Interested candidates should contact Andrew Pert, *Director,* on 041-204 3777 or write to him sending a full CV at Search Consultancy Ltd, Campbell House, 215 West Campbell Street, Glasgow G2 4TT. (Fax: 041-204 3774).
Interviews will be held locally.

SEARCH
Recruitment & Selection

Financial Controller

Central London **£ Neg.**

Our client operates a highly successful and growing business from their premises in central London. Supported by a small, committed and effective staff, each one of whom is an expert in his or her own field, the company buys and sells fabric in the international marketplace.

The next stage of development demands the appointment of a commercial financial controller to compliment the management team and support it in achieving its strategic and financial goals - for this is a business that knows exactly where it is going.

You will be a qualified accountant, disciplined, ambitious, patient, commercial and above all, you will have a keen eye for detail. The scope of this role will increase dramatically in the next few years, therefore you must also be able to demonstrate experience of growing an organisation and setting up appropriate financial systems and controls.

In the first instance please contact Chris Denington or Ann Heather at Grant Thornton, International House, 7 High Street, Ealing, London W5 5DB. Tel: 081 566 5900.

Grant Thornton
MANAGEMENT CONSULTANTS
The UK member firm of Grant Thornton International

C

ACCOUNTANT

A senior accountant is needed to run our Finance Section at the Crafts Council.

Applicants must be fully qualified and experienced accountants with some management experience, and must be familiar with Tetraplan/Tetra 2000 accounting software.

The post is permanent and the salary, depending on qualifications, will be within the range of £25,327 - £28,657 pa. There is a mainly non-contributory index-linked pension scheme.

Application forms and further particulars are available from Joanna Erde, Crafts Council, 44a Pentonville Road, London N1 9BY. Tel: 071 278 7700

Closing date for receipt of applications: 5.11.93.

ALPS
ACCOUNTANCY & LEGAL PROFESSIONS SELECTION LTD.
2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 071-588 3588 Fax No. 071-256 8501

This is a key position in a fast growing area. Scope to play a significant role which can lead to a director level appointment within three years

ALPS

SENIOR MANAGER - INVESTMENT TRUST ACCOUNTING

LONDON **£45,000-£55,000**

LEADING INDEPENDENT INTERNATIONAL FUND MANAGER - FUNDS IN EXCESS OF £10 BILLION

We invite applications from candidates, aged 33-42, qualified ACA or ACCA, with at least 6 years successful management experience and a high level of managerial and technical skills. Reporting to the Director of Trust Accounting, responsibilities will cover the efficient management and control of the day to day operation of the Investment Trust Accounting Department, consisting of a team of 15 professionals. Particular emphasis will be placed on the development of service of the highest quality to meet client demand and continuing growth. Immediate challenges are team organisation, systems development and the enforcement of effective controls. Further responsibilities include compliance with all regulatory bodies and meeting reporting deadlines. A disciplined and methodical manner, and the ability to lead change in a strong team, are key requirements. Initial salary negotiable £45,000-£55,000 plus car, non-contributory pension, free life assurance, BUPA and assistance with removal expenses if necessary. **Applications in strict confidence under reference SMITA231/FT to the Managing Director: CJA.**

HARINGEY
HEALTH CARE

Finance Director

c.£48,000 London

Excellent career opportunity for an experienced finance professional to join newly-approved Trust. Key role supporting the Chief Executive developing the new organisation and implementing the tight financial controls necessary to underpin future development.

THE TRUST
- Will come into operation on 1st April 1994, providing high quality community health services in Haringey/Edmonton.
- Sound financial performance. Turnover c.£40m p.a. 1,400 employees.

THE POSITION
- Board appointment. Full responsibility for control and direction of the finance function. Report to Chief Executive.
- Key tasks to formulate financial strategy, lead corporate budgeting process, develop/implement proposals for market-testing of services and for optimising capital assets.
- Strengthen systems to enhance management and financial reporting. Drive cost reduction programme.

QUALIFICATIONS
- Professionally qualified, graduate calibre. At least 5 years at or near Board level working with multi-disciplinary teams.
- Experience of developing information systems. Track record of team building in complex, multi-site business.
- Stature and intellect commensurate with a key corporate role. Strong communicator, credible at all levels.

Haringey Health Care is working towards equal opportunities and welcomes applications from all sections of the community.

Please send full cv, stating salary, by 10th November 1993, Ref M4216
Informal interviews will be held on 18/19th November.
Final interviews will be on 25th November
NBS, 54 Jermyn Street, London SW1Y 6LX

N B SELECTION LTD
a Norman Broadbent International associated company
NBS
London 071 493 6392
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Finance Director

International Group

Full Family Expatriate Package Cayman/London

Unusual and challenging opportunity for finance professional at centre of private group embarking on major period of change. Excellent general management career prospects.

THE GROUP
- Privately owned; real estate, trading, shipping and financial services activities. Headquarters in Cayman.
- Long established with autonomous operations in Japan, USA and UK. Scope to improve performance through stronger financial management.
- Poised to review nature of operations and re-focus. Eventual relocation to financial centre likely.

THE POSITION
- Group Board appointment with full responsibility for all financial management worldwide. Report to Chief Executive.
- Key tasks are to upgrade budgeting, accounting and treasury management, working closely with line managers.
- Give strategic and commercial input. Monitor tax, legal and compliance matters.

QUALIFICATIONS
- Qualified, computer literate accountant with relevant experience of international group.
- Experience of international tax, treasury and general financial management. Ability to win management support for change. Age 32-45.
- Financial and commercial wisdom combined with energy and drive. Communication and diplomatic skills essential. Willing to travel frequently.

Please send full cv, stating salary, Ref BM4221
NBS, Berwick House, 35 Livery Street, Birmingham, B3 2PB

N B SELECTION LTD
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MANAGEMENT ACCOUNTANT

RETAIL SECTOR

London c£33,000 + Executive Benefits

This growing company is part of a leading international Plc group, with a well established store portfolio. The company is strongly positioned and is currently expanding its operations.

The Management Accountant will provide decision support to senior management. Primarily, this will involve forecasting, strategic planning, analysis of pricing/profitability and appraisal of new stores. In addition he/she will liaise regularly with decision makers to influence management action in relation to key commercial issues.

This challenging position requires a qualified accountant with at least two years post qualification management accounting experience. A background in the retail sector would be a distinct advantage. Candidates should also offer proven analytical ability and excellent interpersonal skills.

To apply please write in confidence to Hays Personnel Services, 9 East Parade, Leeds LS1 2AL. Telephone Leeds (0532) 468363.

Please quote reference DF FT/308.

Hays Personnel Services Ltd

CREDIT MANAGER

CENTRAL LONDON £35,000 - £40,000 + BENEFITS

Operating internationally our Client has established itself as one of the most successful in its sector through rapid growth and an emphasis on high levels of customer service.

A high calibre and commercially aware credit manager is now sought to head up its international credit and risk management function assuming responsibility for:
- Continuing to develop, implement and oversee a global strategy for credit and risk management.
- Developing and improving control systems for existing and new business.
- Introducing improvements for the integration of the credit control function with other functional areas.
- Indirectly managing a team of credit control professionals located internationally.

Applicants should have proven international credit control and credit risk management experience preferably gained within a corporate multinational, however a financial services background will be considered. A high degree of numeracy and computer literacy is required to facilitate the production of key management statistics and reports including experience of litigation and bankruptcy.

Suitable candidates will demonstrate an ability to communicate diplomatically at all levels. Good commercial and management skills are essential for this role which requires a tough, yet professional approach and a hands-on attitude to problem solving. Candidates must be willing to travel to overseas offices as required.

Interested applicants should contact Jackie Urmston on 071-379 3333 (fax: 071-915 8714) or write enclosing curriculum vitae to **Robert Walters Associates, 25 Bedford Street, London WC2E 9HP.**

ROBERT WALTERS ASSOCIATES

ARTHUR ANDERSEN

"Outstanding Opportunities for Outstanding Individuals"

ARTHUR ANDERSEN & CO. SC

Managers

Audit & Business Advisory Practice

Reading/Bristol **Exceptional Package**

The distinctive image Arthur Andersen has in the market place is well founded. The firm's world renown for innovation, quality and excellence is demonstrated by its continued, outstanding growth.

Much of the success can be attributed to investment in the recruitment and development of high calibre individuals. Growth in the practice has created a rare opportunity for exceptional individuals to join the firm at manager level.

In addition to your responsibility as an Audit Manager with a client portfolio, it will be an essential part of your role to act as a business adviser. You will find yourself consulting on a whole range of matters, from acquisitions and mergers to franchise applications and stock exchange listings. This is an ideal opportunity for ambitious professionals, who have genuine partnership prospects, to work within a dynamic environment on complex challenging clients.

You should be a graduate chartered accountant who can demonstrate a strong academic background, superb interpersonal skills and clear development potential.

You will probably have a background approximating to four years PQE, of which 2-3 years have been spent as a Manager. During this period you will have ideally gained a broad range of industrial and commercial experience and exposure to clients (including listed companies) with turnover in excess of £50 million.

Perhaps you have already moved to industry or have been thinking of leaving the profession. Either way we would like to challenge you to consider a career with Arthur Andersen as an exciting opportunity open to you.

If you are interested in applying, please send a comprehensive curriculum vitae, in strict confidence, to **Chris Nelson at Michael Page Finance, Page House 39-41 Parker Street, London WC2B 5LH.**

MP

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Lotus®

Controller

c £65,000

Working Together **Staines, Middx**

Our client, Lotus Development UK Ltd, a $100 million plus subsidiary of Lotus Development Corporation, is continuing to experience high revenue growth. Since the launch of 1-2-3 in 1983, to the more recent Notes (which created the revolutionary Groupware concept), their products have consistently sought new ground and new standards, thoroughly deserving a reputation for quality, reliability and superiority. In an industry renowned for innovation, rapid change and corporate adaptability, Lotus have led from the front.

They seek a Controller to manage the finance functions, comprising a team of 20, for the UK, Middle East and Africa. The role reports directly to the Managing Director of Lotus Development UK and functionally to the International Controller. Charged with both defining and implementing areas of policy, initial challenges will include:

* Control issues on remote sites.
* Major systems enhancements.
* Structural change.
* Complex sales negotiations and agreements.

Responsibility also covers management of the Sales Planning Group, the credit control function, planning and budgeting, performance and risk analysis and the provision of all management and statutory information to tight deadlines. It is expected that the job-holder will impact profoundly and positively on the performance of the business.

Only those who can display a track record of initiating and managing change in a competitive, challenging environment should apply. Previous experience in both US multi-nationals and hi-tech industries would be advantageous; remote site responsibility is a prerequisite.

Strong negotiating and communicating skills must be combined with independence, maturity, commercial awareness and, above all, adaptability as the role is certain to broaden and develop; such is the culture of Lotus, dictated by their rapid rate of progress.

On offer is not just a well remunerated senior position in a market leader, but the opportunity to genuinely influence one of the most exciting and demanding companies in the UK.

Interested applicants should write, enclosing a comprehensive curriculum vitae, to **Dan Chavasse or Renny Hayes at Michael Page Finance, Windsor Bridge House, 1 Brocas Street, Eton, Berkshire SL4 6BW,** quoting reference NSO 168345.

MP

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Group Accountant

Luxembourg

Our client is an international telecommunications company, operating through 16 countries worldwide. Set up in 1990 the company, through organic growth, has established itself as a significant force in the international market place. As a result of a corporate merger, the company will be listed on the US and Luxembourg stock exchanges with a proposed market capitalisation of US$1bn.

As a result of this growth, they plan to establish a new role as Group Accountant. Primary responsibilities will be to assist in:

* Quarterly consolidation of operations in a multi-currency environment.
* Review and analysis of reports from joint ventures and subsidiaries worldwide on a quarterly basis.
* Close liaison with international senior management to facilitate a meaningful review of budgets and forecasts on a regular basis.
* Statutory international reporting to IASC & US GAAP format.

The successful candidate will be aged 27-32 years, ACA qualified, with a successful track record within an international firm. Experience of US GAAP or detailed consolidation experience is essential. Knowledge of a European language is not necessary since business is conducted in English. Strong communication and interpersonal skills are required in order to succeed as part of a team in this fast moving, multi-cultural environment.

This is an excellent opportunity to join a rapidly expanding international group with genuine prospects for progression.

Interested candidates should apply to
Peter Gerrard, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

MP

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

WIMPEY HOMES EUROPE

REGIONAL FINANCIAL CONTROLLER

Hook, North Hampshire

With the unification of Wimpey's £500 million European and International Homes businesses has come a greater decentralisation of responsibility to local level.

To Wimpey, this means increased business effectiveness as their regional teams exercise greater commercial control. To their managers and you – it means the opportunity to take the strategic decisions which determine the returns on some of their key investments.

Although you'll be happy taking on this amount of commercial responsibility and autonomy, this new position has been created specifically for a team player and builder. You'll work just as closely with your Regional Director and the management team as your support staff. Your budgetary and cost-control advice will be as important to local management as to head office. In short your contribution to the £75 million regional turnover will have to be felt at every level of the business.

As you would expect, this position commands the salary, car and comprehensive benefits necessary to attract a high calibre, commercially-minded and experienced qualified accountant, ideally aged 30-35.

Please write with full CV, including salary history and daytime telephone number quoting reference 3034/FT, to John Sleigh FCCA, Phillips and Carpenter, 2-5 Old Bond Street, London W1X 3TB. Tel: 071 493 0156 (24 hours).

Phillips & Carpenter
Selection Consultants

whiteheadselection

Divisional Finance Director

International Services Group

London

c. £75,000 + benefits

The company is a market leader in the provision of specialist services to major international customers worldwide.

You will be accountable for the full range of financial management activities and, as a senior board member, work closely with the managing director on formulating and executing commercial strategies. Key tasks will be to maintain tight financial controls, ensure effective operational management, contribute to the development of performance measurements and provide leadership to the divisional finance team.

Probably early- to mid-thirties, you will be a qualified accountant, blue-chip trained, with management accounting experience in an operational, multi-currency environment in a significant international group. You must combine the ability to exert strong financial controls with commercial judgement drawn from a clear customer orientation and an understanding of broader business issues. Strength of character, well-developed communications skills and a disciplined approach to problem-solving are important qualities.

Please write enclosing a full CV, quoting reference 665, to Peter Evans, Whitehead Selection Limited, 43 Welbeck Street, London W1M 7HF.

A Whitehead Mann Group PLC company.

whiteheadselection

whiteheadselection

Group Financial Controller

London

c. £80,000 + benefits

Legal & General

Legal & General Group plc is one of the leading UK-based financial services groups, engaged in life and pensions, general insurance and investment management.

Following an internal promotion, an exceptional Group Financial Controller is sought to manage all aspects of external and internal reporting. Reporting to the Group Finance Director, he/she will act as an authority on accounting standards, policies and procedures throughout the Group.

This highly visible role calls for a mix of staff management and technical abilities. The ideal candidate will be a Chartered Accountant trained in a 'Big 6' firm, possibly direct from the profession, but most likely with a record of achievement in a senior accounting position in a major company. Experience of systems development and corporate transactions is important.

Please write enclosing a full CV, quoting reference 664, to Nigel Bates, Whitehead Selection Limited, 43 Welbeck Street, London W1M 7HF.

A Whitehead Mann Group PLC company.

whiteheadselection

Expansion of the finance function in the European Headquarters of this major International Group has created two exciting opportunities. The Group has 48,000 employees, worldwide turnover of £2B and a diverse portfolio of expanding multi-site service sector businesses throughout both the U.K. and Continental Europe.

Manager - Internal Audit

Genuine Pan-European Involvement

Working largely in the businesses throughout mainland Europe, you will be responsible for risk assessment, the approval of compliance audit programmes and for monitoring related work plans. This will require the ability to build relationships with Senior Managers across national and cultural boundaries, internally and externally. Ideally experienced in multi-business audit and used to acting as a mentor to the finance function, you have strong presence and a diplomatic but determined approach. Fluency in a major European language is a distinct advantage.

Corporate Accounting Manager

International Consolidation Role

Promoting UK accounting and budgetary principles to European subsidiaries is the major challenge in this high profile position. You are responsible for a Lotus based UK and European statutory consolidation system, and for liaison with the International Headquarters. Accounts are prepared on a weekly, monthly and semi-annual basis and a busy acquisition programme is likely to lead to interesting ad hoc assignments from the Finance Director. Ideally a graduate with five years post-qualification experience, you are ready for more responsibility.

Rewards are flexible to attract the best candidates. Competitive salaries will be enhanced by performance related bonus, cars and a benefits package commensurate with multinational best practice. The European HQ is close to Heathrow Airport. To find out more about these exceptional opportunities, please telephone our Consultant, Patrick Hill on 0734 566123. Alternatively, write to him, with your full CV and details of current remuneration, at Aston Zoraster Limited, Westminster House, 58 London Street, Reading RG1 4SQ.

Aston Zoraster

INTERNATIONAL SEARCH & SELECTION

COMMUNITY HOUSING ASSOCIATION

FINANCE MANAGER

C. £26,000 + performance related pay.

Community Housing Association is a leading inner city housing association providing affordable housing for rent in North London. Due to the expansion of the Association and the restructuring of the Finance Department we are seeking a qualified accountant to take charge of our accounting systems and transaction processing.

Reporting to the Finance Director, you would take charge of a team of five, and whilst we are looking for good technical skills, the ability to lead and motivate staff is paramount. A background in housing or commercial property is not essential, but we will expect you to have a first rate understanding of accounting systems and internal controls. You will need to be assertive and able to communicate clearly both orally and in writing. Because the Association is growing significantly and is in an industry which is constantly changing, you will need to be innovative and creative. Because you will have responsibility for all transaction processing as well as the preparation of the Association's statutory accounts, you will have to be able to demonstrate experience of keeping to deadlines in a fast moving environment. It will help if you are in sympathy with the Association's social objectives, but you must be able to work to the highest commercial standards.

Benefits include 25 days annual leave, six additional recess days, permanent health insurance, pension scheme and season ticket loan scheme.

For an information pack please send a postcard with your name and address, stating where you saw the advertisement to:

The Personnel Officer
COMMUNITY HOUSING ASSOCIATION LTD
68-70 Parkway, London NW1 7AH

Please note that only completed application forms, NOT CVs, will be considered. CLOSING DATE: 12th November 1993.

CHA is an equal opportunities employer.

CORPORATE TREASURER

Central London

Excellent Salary + Benefits + Car

The Company is a high profile expanding UK Plc operating in the media industry. With substantial interests in the United States and increasingly in the European and Asian markets, it has grown rapidly over the past four years, both organically and through a focused acquisition programme.

Working in a small head office team, with regular exposure at Board level, the individual will assist the Group Treasurer in all treasury related matters. The main emphasis of the position is to "add value" to the group as a whole and specifically to integrate recent acquisitions into the groups' treasury systems. There will be opportunities for the individual to identify areas where efficiencies could be made anywhere in the group worldwide.

The ideal candidate will be a qualified Accountant or MBA with a strong academic background and at least five years corporate treasury experience in a group environment. Confidence, assertiveness and demonstrative ability to rapidly establish credibility with the group's operations are the key to success in this role. Excellent communication, interpersonal skills and attention to detail are pre-requisite.

The package will include a salary, dependent on experience, a company car and other benefits. The career opportunities are excellent.

For further information in the strictest confidence, please send your resumé to Raj Munde, quoting reference 9/1542, to Morgan & Banks Plc, Brettenham House, Lancaster Place, London WC2E 7EN, or alternatively telephone on 071-240 1040.

Morgan & Banks
INTERNATIONAL

CHIEF ACCOUNTANT

c£34,000 + bonus + car + executive benefits

Birmingham International Airport plc is one of the most important and commercially successful companies of its type in the UK. We are now seeking to establish a unique public/private sector partnership which will bring significant investment to develop the airport to meet the needs of air travel into the next century.

Crucial to our future success is the effectiveness of the 22-strong finance team. As Chief Accountant, you'll provide not only the leadership, technical ability and motivation to get the job done, but also the ideas and imagination to improve and develop financial reporting and control.

A Chartered Accountant with at least five years' post qualification experience, you will have a successful track record in managing people and change. Strong, up-to-date technical skills are an essential prerequisite, and experience in corporate finance will be an advantage.

For an application form and information pack, please telephone or write to the Personnel Department, Birmingham International Airport plc, Birmingham B26 3QJ. Tel 021 767 7269.

Closing date for return of completed applications 11th November 1993.

Birmingham International Airport plc

FINA[redacted]CE DIRE[redacted]TOR

FOOD I[redacted]USTRY

to £37,500[redacted]s bonus and shar[redacted]ptions, car & e[redacted]utive benefits[redacted]ckage

East M[redacted]nds

A major international plc, our Client is a well known supplier of a wide range of perishable products to the UK grocery multiple retailers.

Following internal promotion, they seek to appoint a Finance Director to join the executive team of one of their key autonomous subsidiaries.

Reporting to the MD, the successful applicant will head up the finance department, take full responsibility for financial and management accounting and control and in time deputise for the MD in his absence. As important, will be a significant contribution to the commercial decision making of the business both tactically and strategically in a very competitive market place.

The pace is fast; the management style "hands-on"; the technology sophisticated. Success in this challenging role demands a qualified accountant, ideally aged 30-40, with at least 5 years' senior accounting experience gained in a major food/retail organisation. Some international exposure would be useful. Commercial breadth, energy, excellent communication and influencing skills are certainly necessary.

The Company offers a reward package as indicated, including relocation assistance if required and outstanding career opportunities both in the UK and overseas.

Please apply in writing enclosing a current cv and salary details to: Jill Lye-Search and Selection.

Please quote reference 028

Ashbourne Business Centre
Dig Street, Ashbourne,
Derbyshire, DE6 1XJ
tel: 0335 300020/300445
fax: 0335 300168

jill lye
search and selection

Corporate Finance

Leading British Merchant Bank

Accountants/Lawyers

Competitive Package

This well known, London-based investment banking group has a major presence in the UK and internationally, and a leading position in investment banking, securities and asset management. Highly profitable, it is committed to controlled expansion by exploiting its proven expertise and prestigious reputation.

As a result of recent successes and new business development, opportunities exist for young, dynamic managers to join the expanding UK corporate finance team.

Operating within a meritocratic structure, successful candidates will service a diversified client portfolio on a Europe-wide basis. The role will cover a broad range of capital raising, corporate finance and M&A services, and focus on deal execution with involvement in transactions from inception to completion.

Aged in their late 20s to early 30s, candidates will be graduates with either an accountancy or a legal qualification, and between 3-5 years' UK corporate finance experience. In addition to excellent technical and commercial skills, initiative, self-confidence and resilience will be required, together with considerable self-motivation. Strong interpersonal and presentation skills, together with an ability to interact effectively with clients and colleagues, are essential.

This represents an excellent opportunity to grow with an expanding and successful independent investment banking group with operations both in the UK and internationally.

The attractive remuneration package will comprise a competitive base salary, a performance-related bonus and normal banking benefits.

Please send a full CV in confidence to GKRS quoting **reference number 240J on both letter and envelope, and including** details of current remuneration.

GKRS

SEARCH & SELECTION

CLAREBELL HOUSE, 6 CORK STREET, LONDON W1X 1PB. TELEPHONE: 071 287 2820

A GKR Group Company

ROBERT HALF & FINANCIAL TIMES INVITE YOU TO A FREE BUSINESS BREAKFAST

If you wish to attend either of the Free Business Breakfasts, please write to the appropriate office below, stating your company and job title.

London: -
Rachelle Nelson at Robert Half.
Walter House, 418 The Strand.
London WC2R OPT.

Southampton: -
Lynne Kelsey at Robert Half
6 The Carronades, New Road.
Southampton SO2 0AA.

ROBERT HALF
THE HUMAN FACTOR

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

FIT TO MANAGE?

Are you and your team fit to meet the challenge of the 1990's?

In London on Thursday 18th November 1993 at
The London Marriott Hotel, Grosvenor Square, W1.,
8.15am - 9.30am

In Southampton on Tuesday 23rd November 1993 at
The Hilton National Hotel, Bracken Place, Chilworth, Southampton.
8.15am - 9.30am

This breakfast briefing will be given by Dr Richard Smith, Editor of the British Medical Journal and regular broadcaster and writer on many aspects of managerial health in the 1990's.

His talk will cover: -

- Lifestyle - when the flannel stops and the evidence begins.
- Health checks - are routine check ups vital reassurance or a waste of time and money?
- Stress - where's the stress worst - at the top, with the Chief Executive or at the bottom, with the redundant employee?
- Exercise - how it helps you to win in mind and body.

Richard Smith understands the business pressures for today's managers and the toll they can take on health and workplace performance.

Dr Smith has wide experience of lecturing and broadcasting and has written for many lay and professional British and international publications. He spent four years as the resident doctor on BBC Breakfast Time and co-presented two series' of programmes on BBC1 and ITV. He has made programmes for BBC2 on how medicine is driven more by fashion than science and how the media depict scientific stories.

Dr Smith is a Fellow of the Royal College of Physicians and a member of the faculty of Public Health Medicine.

Places at the Breakfast are strictly limited.

Group Treasurer

A major new treasury appointment

London

Package to £60,000 + Car

This prestigious and profitable service group has an annual turnover in excess of £600 million and a network of branches throughout the UK. It is currently part of a larger group structure but plans are well advanced for its independent flotation within the next twelve months.

Our client therefore wishes to appoint a Treasurer whose role will be to establish, manage and develop a treasury function from scratch. Key tasks will include the optimisation of cash resources, creation of a funding strategy, FX management and introduction of techniques to reduce borrowings. Future expansion following the flotation could also lead to an involvement in M&A, investor relations and strategic tax planning.

Reporting to the Group Finance Director the successful candidate will be a graduate with a recognised treasury or accounting qualification (MCT or ACA). Probably aged at least 35, you should have proven senior level treasury experience gained in a sophisticated blue chip environment. We are looking for a disciplined, logical planner with the flair to create a new function and the personal qualities to establish credibility at the highest levels.

If you wish to apply for this position, please write - in confidence - enclosing a cv and details of current remuneration to Paul Carvosso, Ref: A54A41, MSL Group Limited, 32 Aybrook Street, London W1M 3JL.

MSL International
CONSULTANTS IN SEARCH AND SELECTION

Appointments Advertising

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

For further information please call:
Gareth Jones
on 071 873 3199

European Financial Controller

Computer Software & Peripherals

Home Counties – Excellent Package Negotiable

The company is a leading direct marketer of microcomputer hardware, software and peripherals, with worldwide sales of more than $400 million this year.

The European operations have recently doubled in size to six countries and the Company is poised for further growth in the short-term. Consequently, as a result of internal promotion, an accomplished finance professional is required.

Reporting to the European General Manager the EFC will be responsible for control of all aspects of European finance including:

- Financial Control and Reporting
- Asset Management
- Business Planning and Forecasting

Will play a key role in ensuring the continued development and success of the European business as part of the European Management team.

Aged 35 to 45, candidates will have a recognised professional UK accounting qualification and a minimum of three years' experience in a senior European financial management role.

Good knowledge of German and/or French is desirable but not essential. Excellent people skills, a strong team approach and a "hands-on" attitude are essential.

Please send a full CV and remuneration details to Stephen Neel, AH Selection, Brummel House, 38 Savile Row, London W1X 1AG. Telephone: 071-287 9565

A Division of Alexander Hughes Ltd, Executive Search Consultants

UK and German responsibilities

INTERNAL AUDITOR

-RETAIL BANKING

Base Pay c£20K + Bonus + Car

If you are looking for a company which is growing, increasingly profitable and can offer you the opportunity to develop your knowledge and expertise then we can help you.

We are based in the UK but have internal audit responsibility for our German affiliate company.

Extensive travel in Germany and the UK will be required so where you reside is not a consideration. Obviously excellent verbal and written German is essential and a knowledge of the German banking industry would be advantageous.

In addition to the package quoted other benefits include private medical cover, share participation schemes, life assurance, pension plan (after qualifying periods).

Please send a full CV to: Mr A Cummings, Audit Manager, Beneficial Bank plc, PO Box 31, 4 Lower Mounts, Northampton NN1 3DB.

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MANAGEMENT

Judy Dempsey on efforts to alter staff attitudes at a German cable group

Berlin connection

Rainer Hemmann has set himself two goals. As manager of KWO Kabel, the east German cable maker bought by Britain's BICC last February, he naturally wants his enterprise to become competitive on the world market. But he also wants the 2,200 employees to ask questions.

"The company will only succeed if everybody takes the initiative," says Hemmann, who moved to east Berlin last March after BICC poached him from Siemens. He had been running one of the German company's subsidiaries in the Slovak Republic.

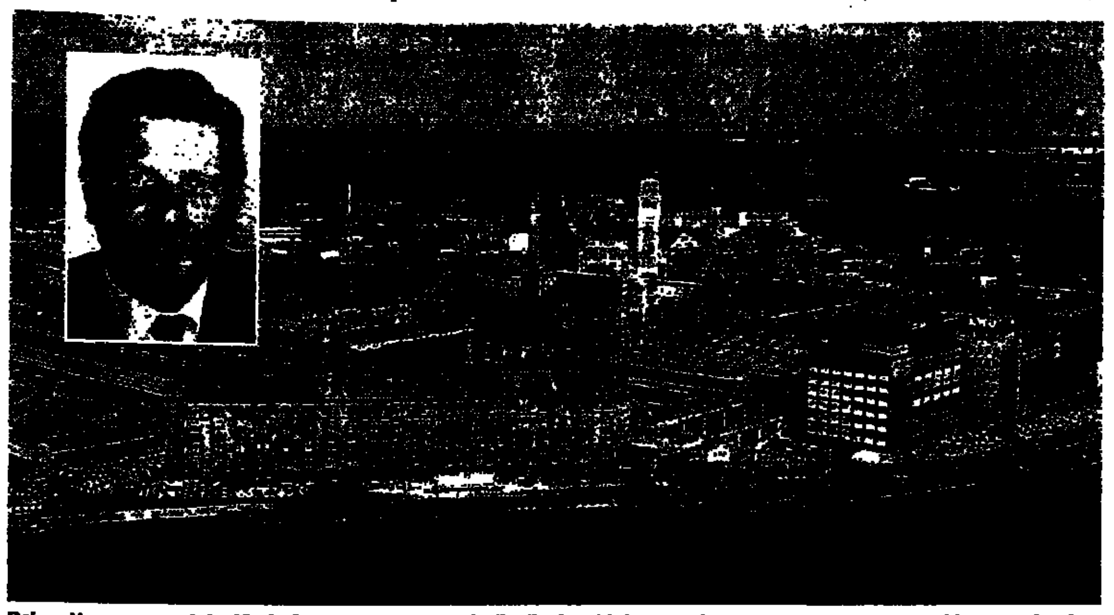
"In the old days of centralised planning, employees were penalised for asking questions. They were not allowed to have a personal opinion," he explains. "By contrast, we want to know what our staff thinks, so that management here in Berlin can understand the local culture and what motivates people. After all, BICC's philosophy is based on delegating responsibility to local management."

Last month KWO demonstrated its commitment to employee involvement by inaugurating a DM6m (£2.5m) training programme. Spread over 30 months, courses will include computer, management, leadership and language training. But it is the first – "Understanding the Business: The Enterprise in the Market Economy" – which attempts to create a corporate identity based on espousing the principles of the market economy.

"Over the next year, every single member of the workforce, divided into groups of 20, will attend this two-day programme. It will focus on understanding the BICC group, why it has bought KWO and what KWO Kabel wants to achieve," says John Woodthorpe, director of strategic planning.

The big challenge, though, is how to shift attitudes away from the centralised planning structure to the needs of the market economy.

Hemmann readily concedes that this is a long process which requires a lot of patience. "For example, when we took over KWO, we inherited excellent technicians and fine engineers. But nobody asked, indeed, nobody was concerned, about the quality of the product. The staff at KWO were told to produce a certain number of kilos of cable, which they did. But the enterprise was producing about 20 per cent of scrap. Yet this was recorded as production of cable."



Rainer Hemmann and the KWO Kabel factory in east Berlin: 'In the old days employees were penalised for asking questions'

To cut waste, the management realised it had to link the level of wastage with explaining the principles of the market economy. "At first, we set out a few clear guidelines," says Hemmann. "Under the centralised economy, we tried to show how the producer was boss, but in the market economy the customer is king; how shortages of materials were part of a planned economy, but in a market economy, orders have to be won through quality and competitiveness," he added.

On a practical and often basic level, the management has had to show that everything has a price. "There was so much wastage. Heating was regulated by opening or closing the window – typical of any country in eastern Europe. Nobody thought about turning the knob on the radiator, or introducing a thermostat system," says Hemmann.

To help achieve a shift in values, the company has introduced two structures of communication: a vertical system, which entails more than simply issuing ideas from the top down – it seeks to generate discussion about them from the bottom upwards; and a horizontal system designed to foster communication across all departments within KWO.

The first system, the widely used cascade model, was recently introduced at KWO. It is aimed at encouraging employees to become involved in decision-making. "That *means asking questions,*" *says* Woodthorpe. "When the management has a suggestion and we want to get feedback, we brief the team leaders of each department. They in turn brief their own members to whom they distribute the sheets of suggestions and invite questions or comments about them."

When the system was first introduced in May, there was little response from the employees. By last month fear and deference were giving way to more open attitudes. The management was receiving remarks and answers to 70 questions.

This method is having a positive effect on productivity. When BICC took over KWO, average productivity was about 60 per cent below those in the cable industry elsewhere in Europe.

To monitor the improvement, the management introduced a system of assessment on a monthly basis. Productivity is now about 70 per cent of world levels. The scrap ratio has fallen to 2 per cent. The target is 0.8 per cent by 1995.

The horizontal, or second method of communication, cuts across all departments in KWO and is regarded as equally important for changing old habits and reflexes. "When BICC took over KWO, a strong fief mentality existed in the enterprise. People were penalised for trying to do more than what *their job description spelt out.* There was no concept of the internal customer," says Hemmann.

"For instance, if we want to design a new cable, it cannot be done in a vacuum. The employees must know the nature of the product, the costs, the availability of equipment, the marketing and the needs of our customers.

"In other words, to get a product off the ground we need a horizontal system of communication. KWO is an integrated structure, each department depending on each other for success and winning customers. This helps forge a much stronger understanding and corporate identity with the company because everyone is involved."

Strengthening the employees' identification with the company may also help the staff overcome any suspicion that KWO is just another foreign-owned company in eastern Germany managed by wessies, or west Germans, who will look down on the ossies, or easterners. This is a prevailing view, although diminishing, among east Germans.

"I do not make any distinction about where anybody comes from," Hemmann insists. "Everybody is a KWO employee. If you start creating different categories [between westerners and easterners] you will never achieve the corporative objective of making one company."

How to bend the chancellor's ear

There's still time to lobby the Treasury before next month's Budget. **Peter Marsh** looks at the best tactics

In what no doubt made a pleasant change from poring over economic data, two UK Treasury officials flew to Scotland earlier this year for a day's tour of whisky distilleries. The visit was part of an orchestrated campaign by the Scotch Whisky Association to maintain contacts with the UK's economic policymaking department ahead of next month's Budget.

Lobbying for the Budget is – as this anecdote illustrates – an around-the-year affair. None the less the next few weeks will see a particular flurry of contacts between the Treasury and the outside world as a range of groups attempt to bend the ear of Kenneth Clarke, the chancellor, before he delivers his Budget strategy on November 30.

Anyone hovering outside the department's London *headquarters overlooking* parliament next Tuesday will see people from an array of organisations trooping in to argue their case. On that day, for example, officials from the Brewers' Society (a trade group representing the beer industry), the Trades Union Congress and the Chamber of Shipping (which represents shipowners) are having sessions with Clarke.

Ahead of the Budget – the first to cover tax policy and public spending – about 10 organisations have won a personal audience with the chancellor. On these occasions he sees people with a small group of important officials.

Other groups pencilled into his diary include the Confederation of British Industry, the Institute of Directors and the Housebuilders Federation.

At all these gatherings, the main aim of lobbyists is to convey the importance to the UK economy of a particular sector – with reasons why it should either be helped out by a particular dollop of special support (such as capital allowances for investment) or should be treated favourably in the area of tax policy.

The importance of such meetings – a traditional feature of all UK Budgets – is questioned by some of the most experienced people in the lobbying businesses. Mark Boleat, who recently took over as director general of the Association of British Insurers after seven years as head of the Building Societies Association, says the importance of the sessions is "over-rated". He believes a prolonged period of contacts with the Treasury over a course of months or years is more likely to bear fruit.

Among lobbying groups highly regarded within government circles – though this November they have not been given a date in Clarke's diary – are the British Film Institute, the Country Landowners Association and the British Road Federation. These organisations – and senior managers in companies tempted to act independently – should consider the following guidelines:

Always try in your economic reasoning to introduce some extra tax revenues for the government

- Maintain contacts. Send in literature about your sector – and the policies you are advocating – to Treasury officials throughout the year. If you have a special reason to invite civil servants to your factories or offices – perhaps basing your case around the Treasury's new-found interest in sending its civil servants out of the office more to talk to industrialists – then follow the lead of the Scotch Whisky Association. If you have someone famous in your circle – the film institute in the past has been adept at introducing people at the Treasury to well-known actors – this might help your case.
- Understand the Treasury mind. One person who knows the department well says: "I think of Treasury officials as stamp collectors. They are keen on collecting pieces of knowledge and arranging them in nice piles and feel fairly passionless about the result." Bear this maxim in mind when producing the literature, which should be concise and not contain too many jazzy illustrations.
- Do not overdo the hospitality. Most Treasury officials are difficult to corrupt. On their visit to Scotland the two Treasury employees – with one Customs and Excise official – paid their own airfares and were given a far from lavish lunch. "We wanted to illustrate the effect of whisky on the economy, not on the palate," says Tony Tucker, the association's public relations manager.
- Use economic models. Hire outside economic consultants to work out what impact the tax or policy changes you are advocating will have on demand and supply. Even if Treasury officials do not agree with your reasoning, they will at least follow your arguments better on the grounds that many are comfortable with models. The Centre for Economics and Business Research, a London consultancy, has been used by the Chamber of Shipping to work out the likely effects of changes in the tax regime on the shipping industry.
- Try not to hypothesise a big drain of tax revenue from the Treasury. If there is one thing that will dissuade Treasury officials from a particular policy it is a large net negative stream of tax revenue – even if the policy actions you are advocating have the potential to deliver an overall economic boost. Therefore, always try in your economic reasoning to introduce some extra tax revenues for the government. This could, for instance, be in five years' time when the impact of a specific policy action – say a tax break for a specific sector which over a longer period will lift economic activity and so boost tax intake – has worked through.
- Target others apart from the Treasury. It is important to maintain contacts with MPs who can put pressure on ministers for policy changes and also cultivate journalists who might write stories with a favourable "spin" which can help your cause.

PROPERTY

Break with the past

Planning rules on historic buildings in the UK must be reviewed, says **Stuart Robinson**

How many relics from the past should be preserved and how long should they be retained before seeking more contemporary replacements?

This dilemma is particularly acute in relation to historic buildings in the UK. Tough choices are inevitable; and lack of resources limits the number of conversions of buildings that do not fit with current lifestyles or economic needs.

Yet there is a danger that the approach to the listing of buildings could backfire. The whole process is threatened by the increasing practice of listing buildings which cannot be viably used.

Earlier this year Mr Michael Cassidy, chairman of the City of London Corporation's policy and resources committee, warned that planning controls on listed premises were deterring potential occupants.

He has asked English Heritage, which advises the government on these matters, to support a code drawn up by the corporation designed to fill as many historic buildings as possible. Behind the code are the City's twin aims: that important buildings are places where people should be encouraged to live and work; and that planning regulations should not, in effect, lead to unused and empty premises.

A check must be placed on the listing process by:

- inviting experts on the occupation of buildings to advise on whether a listing should be imposed;
- ensuring that candidates for listing status pass a test on whether conserving the building is viable;
- encouraging schemes which might alter existing listed buildings.

About one in every 40 buildings in England and Wales enjoys statutory protection through listing. Although rarely enforced, the accompanying legislation makes it an offence to demolish or even *damage a listed building.*

A 1992 report by the National Audit Office, the government watchdog, on England's heritage property found that 14 per cent of protected buildings are vulnerable to neglect and in need of repair, with a further 7 per cent in a poor or bad state of repair. In total, some 100,000 listed buildings, or more than one in five, are not being maintained in the manner envisaged by the legislation.

Yet the number of listed buildings is growing rapidly. In 1970 there were 12,000 listed premises in England and Wales; today there are 500,000.

Architectural groups such as the Twentieth Century Society are lobbying the Heritage Department to widen the scope of listed buildings. English Heritage has launched an initiative to list more buildings, especially modern buildings.

The Royal Fine Arts Commission, which assesses the aesthetic merit of proposals for listings, has suggested that it too should be authorised, alongside the heritage secretary, to accord a listing status and to acquire listed buildings.

Critics argue that placing more authority in the hands of unaccountable bodies such as the *RFAC* is a retrograde step, as it loads the dice still further in the favour of preservation rather than realism.

Yet amid the public debate, one question remains unanswered: who is going to pay for the maintainance and refurbishment of such premises.

The National Audit Office indicated in its report that the UK is already struggling to maintain its existing listed buildings. If the number of listed buildings is to be increased then it must be accompanied by a rise in the level of aid (currently £120m a year) to heritage groups; other fiscal incentives should also be introduced, such as raising the level of rating relief which is available to listed buildings.

The Department of the Environment recently took the unprecedented step of compulsorily acquiring a grade one listed building, a former spa hotel in Buxton, because of the failure of its owner to do anything about its neglect. If this is a precedent, then the DoE's budget will have to be increased to meet the needs of similar cases of neglect.

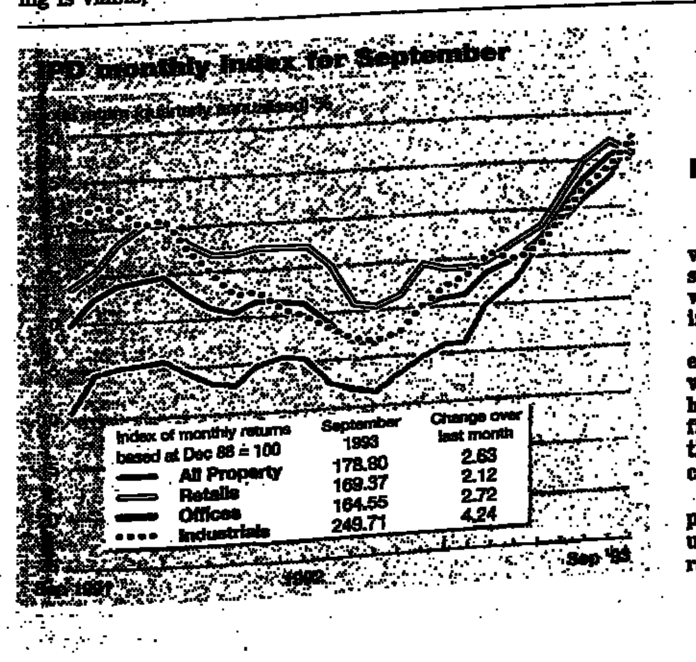
There have been 16 acts of parliament designed to conserve important buildings. Mr David Curry, UK local government minister for England, says that "the planning system must balance the need for economic growth with the need to protect our historic buildings".

This statement, however, made in the context of a draft policy guidance on listed buildings, does not signal any "bonfire of legislation", as a prelude to a new approach.

The alternative is to try and inject some confidence into the architectural profession by *inviting it to exercise* a freer role in the development process. One encouraging move was the victory by Lord Palumbo to redevelop One Poultry in the City. The project would mean the demolition of several listed Victorian buildings and the creation, according to the government official's recommendation, of what "might just be a masterpiece".

We must be conscious of our duty to keep important relics. But rather than the prevailing scholarly approach to listed buildings, what is required is an injection of a more creative force. This could be just the encouragement for architects and developers to improve or replace ageing buildings with developments more suited to contemporary needs.

The author is head of planning with property consultants Hillier Parker



Index of monthly returns based at Dec 86 = 100	September 1993	Change over last month
All Property	178.80	2.63
Retails	169.37	2.12
Offices	164.55	2.72
Industrials	249.71	4.24

Rise in capital values offsets fall in rentals

The total return on the Investment Property Databank all-property index in September was 1.5 per cent, thanks to a strong rise in capital values which more than offset a continued decline in rental values.

The total return on all properties for the third quarter was 3.9 per cent, significantly higher than the first quarter figure of 0.8 per cent and the second quarter's 2.5 per cent.

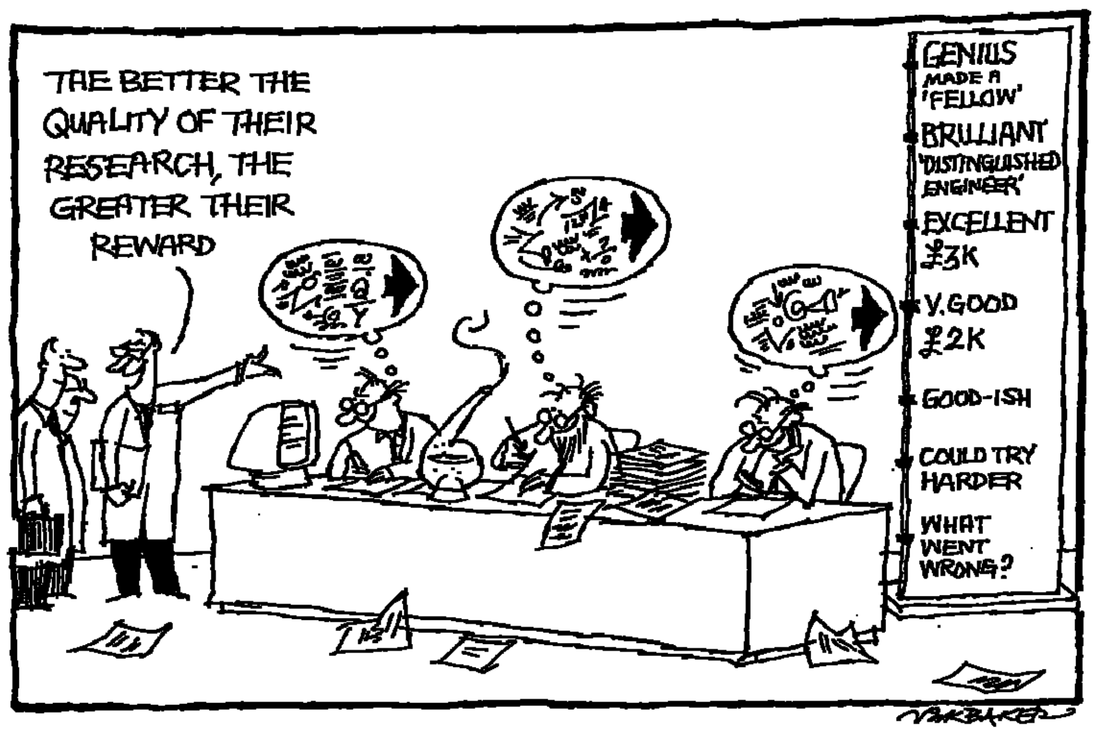
The year to date figure is 7.4 per cent, equivalent to an annualised return of 9.7 per cent, raising the possibility that, if the most recent levels of return continue for the remaining quarter, the figure for the year as a whole will be back in double figures.

The strongest sectors in the month were again offices and industrial properties.

Yields on offices fell to 9.8 per cent; and on industrial property to 11.1 per cent. For all properties, the yield was 9.6 per cent.

For the year to date, the total return on retail properties has been 9.2 per cent; on offices 4.9 per cent; and on industrial properties 7.9 per cent.

TECHNOLOGY



Della Bradshaw reports on ICL's career structure for technical staff which keeps pace with managerial posts

Rewards for the scientists

A CREATIVE scientist's cartoon image has wild, flying hair, dishevelled clothing and a manic stare – in short, a "boffin" who ignores company protocol, overrides management decisions and cannot comprehend the word consensus. Try to promote him (never her) to manager and the chances are that it will end in tears.

A caricature it may be, but there is a growing recognition in some European high-technology companies that scientists and engineers are a prime resource and that the management structure should be altered so that such employees can be rewarded for the quality of their research, rather than how many staff they control, or their skill at managing a budget.

Such is the case at ICL, the London-headquartered computer company owned by Fujitsu of Japan. "In some cases quite good people were trying to turn themselves into managers so that they could advance their careers," says Andrew Boswell, technical director of ICL. "But the main benefit they brought to the business was technical."

In 1990, after 10 years of informal arrangements, ICL introduced its technical career structure, a "road map", as Boswell calls it, to show junior staff how they can develop their technical skills.

"*When I talk to new recruits it is* one of the things they mention. They can decide quite specifically what will determine their advancement within the company."

Paul Watson, for example, joined ICL's West Gorton, Manchester, development team three-and-a-half years ago after conducting joint research with ICL while a lecturer at Manchester University. The research on parallel processing computers (where numerous streams of information are processed simultaneously) culminated in last week's launch of the Goldrush computer.

Improved salary aside, ICL's technical career structure was the big attraction for Watson.

"I could see there were people very high up in the company who were doing purely research. They had no line management responsibilities."

The complexities of introducing such technical development schemes in large and unwieldy organisations has meant that other companies are only just beginning to follow ICL's lead.

Telecommunicaions company BT began to roll out its professional career paths scheme this July. "The aim is to support the career development needs for technical and specialist staff," explains Penelope Johnson, management development manager.

Johnson believes the scheme will prove useful in maintaining specialists' enthusiasm and innovative thinking within the growing demand for "flatter" organisations, where sideways rather than upwards moves become commonplace.

Every job has a specific job description and that is mapped into the career structure

At ICL the structure, which applies to 3,000 development staff in the UK and some of the 2,000 who work for the company overseas, outlines job levels from technicians to the most senior engineers.

Each grade has a range of salary levels allocated to it which are equivalent to management salary levels. Every job has a specific job description mapped into the career structure and salary scales are published.

For the more senior engineers, promotion takes the form of review panels, with emphasis being placed on a technical audit of a person's work. Promotion can mean a move to another job or can involve continued development in a project.

Those progressing up the promotional ladder are expected to take more responsibility for the design on which their team is working, or might have to demonstrate their ability to work with, for example, the marketing department. "The difference between senior levels and junior levels is that senior-level jobs call for a higher degree of technical strategic contribution," says Boswell.

For those who reach the top, ICL is generous with its titular rewards. Ten employees have been dubbed ICL fellows, the technical elite of the company. Another 25 have been given the title of "distinguished engineers", a scheme introduced in April. A further 15 will be appointed shortly and eventually there will 100 employees with the title.

The title is all the honour boasts – there is no cash reward. But says David Brain, manager for human resources development at ICL, the title is what the distinguished engineers want. "At that level most engineers, in my experience, appreciate the recognition of their engineering skills rather than an extra £2,000 or £3,000."

'Promotion can mean a move to another job or continued development in a project'

The distinguished engineer scheme has had a two-fold purpose: as well as rewarding staff it has helped ICL bind together its engineering community as the various divisions in the company become autonomous. Distinguished engineers are expected to meet regularly to discuss developments and exchange ideas.

"Our whole business success depends on our engineering and our ability to innovate," says Boswell. "Unless we find ways of sharing information we will have difficulty staying ahead."

Peter Wharton, chief engineer and an ICL fellow, believes the technical career scheme has been successful in acknowledging the value of the technical staff. "There are a lot of clever people around and we have made them realise that they are of value. Very good programmers can stay as very good programmers. The structure enables that."

Wharton also believes that the structure has helped to retain skilled staff. "We've kept together and developed some very good and strong design teams. We've protected them from the pressures of a big company. They might otherwise have gone into a small company where they are able to be more innovative."

Promoting the culture of a small, innovative company in a multinational organisation is an extraordinarily difficult task, says Bill Baxter, consultant in the product development division at Cambridge Consultants (CCL), where the bread-and-butter work is product development and consultancy for outside customers.

Baxter has done consultancy work with the consumer electronics arm of Philips, the Dutch group, in Leuven, Belgium and the Singapore government to help them change the culture in which research is carried out and so increase enthusiasm and productivity.

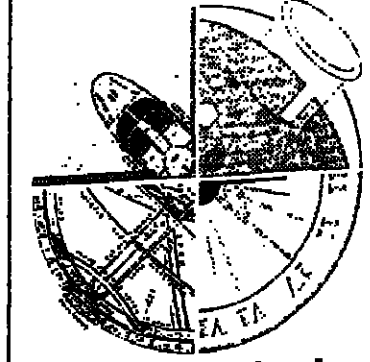
"People come to us and say, essentially: 'Why can't our developers behave a bit more like your developers?'," says Baxter. He believes that because most R&D work is project-based, that should form the basis of the promotion structure.

"It makes sense to organise people so that their interests and loyalties are centred around their project, not their boss. If an employee thinks that licking up to his boss will get him a pay rise, that is what he'll do."

CCL has implemented its own project-centred structure which means that when an employee's work is assessed, it is done so by his or her managers, peers and juniors, as well as by the project's customer. It is these responses which influence a person's career progression, says Baxter. "And they know it."

Baxter believes that altering structures can have positive effects. "One of the things I learnt in Singapore is that you can influence the culture by changing the structure."

Worth Watching · Andrew Fisher



Turning the wheels on the car thief

To combat the growing trend of car theft, a new French device renders a vehicle unable to be driven by disengaging the steering wheel from the steering column, writes Anna Kochan. Anyone breaking into the car and starting the engine finds the steering wheel turning without steering the wheels.

The device, produced by Malvy Technology, can be fitted during assembly or later at a cost of Ffr4,800 (£560). It consists of a sealed box containing a series of mechanical locks which fit between the steering column and the wheel. The key provides more than 100m combinations.

Malvy's system will become available in January. Insurance companies have indicated they will lower premiums on cars equipped with the product. Malvy Technology: France, 331 60192000.

Lock up your hardware

Thieves just cannot keep their hands off computers, with ready export markets in eastern Europe and the Middle East. Now, a British company called Circle Security has developed an anti-theft device for computers, whether in offices or showrooms, called Minder.

It locks the computer to the desk-top with screws extending through the work surface to a special plate; further protection is provided by extra-strong adhesive. Thus the computer can only be stolen with the desk. The metal device, costing £59.50, has a seven-lever, anti-pick safe lock.

Circle Security: UK, 0442 230925.

Bumpy ride for speeding drivers

Speed bumps, or sleeping policemen, can cause a nasty jolt to anyone driving too fast. That is their purpose, but even those going at the correct speed can sometimes receive an uncomfortable shock.

Inventions, a UK company, has developed a new system in which the car's speed is evaluated by a mechanical trigger mechanism, with the ramp only snapping up if the vehicle is going too fast. If the speed limit is adhered to, the ramps stay flat.

Britain's Department of Transport is now looking at the system, designed to meet the objections of those operating emergency vehicles – such as ambulances – to conventional speed bumps.

Inventions: UK, 0296 728136.

Help yourself to after-hours banking

Customers can serve themselves from dawn until the late hours at new service terminals installed by Siemens Nixdorf for Nationwide Building Society's new Touchlink branch in Aylesbury, Buckinghamshire.

The eight terminals designed by the German computer company will allow people to draw out and deposit cash and cheques, check the state of their accounts and pay bills from 6am until 11pm seven days a week.

Customers need a card or a passbook to use the customer service terminals. A special terminal can be used by customers in wheelchairs.

The terminals are personal computer-based and can be easily linked to existing networks. Banks and building societies can build up their own functions for the system. Nationwide: UK, 0793 455199. Siemens Nixdorf: UK, 0344 862222.

Rapid reading in the French Post Office

At a rate of 35,000 letters an hour, a French optical system can recognise 96 per cent of properly typed addresses. CGA, part of Cegelec (a member of the Alcatel Alsthom group) has spent nine years developing this character recognition system.

The system, of which the French Post Office has 40 and has ordered 40 more, uses transputers developed by UK-based Inmos (part of France's SGS-Thomson) and neural networks or pattern recognition computer systems.

CGA: France, 331 69885870.

PEOPLE

Sotheby's: Lord Gowrie departs, Lord Camoys arrives

After months of speculation about his future, Lord Gowrie, chairman of Sotheby's Europe, is to give up his post on January 1, but will remain on the board of Sotheby's Holdings and will continue to seek new business.

Lord Gowrie has been chairman for seven years during which time the power base in the American-owned company has moved remorselessly from London to New York. A former cabinet minister and minister for the arts, Lord Gowrie leaves at a time when some important appointments in the arts and heritage world are about to be made, most notably chairman of the Arts Council and chief executive of the Millennium Fund.

He is replaced by two men. Simon de Pury moves up from deputy chairman to chairman of Sotheby's Europe while Henry Wyndham, 40, comes in as chairman of Sotheby's UK. His is a surprise appointment. He spent most of his working life at arch rival Christie's where he was a paintings specialist, but since 1987 has been a partner in the Mayfair picture dealers, the St James's Group.

Lord Gowrie was instrumental in appointing Wyndham, and another newcomer to Sotheby's, Lord Camoys (right), who arrives to take up the newly created post of deputy chairman of Sotheby's Holdings. For 32 years Lord Camoys, 53, has been a banker. He joins Sotheby's on April 1 next year from Barclays de Zoete Wedd; he is to leave the Barclays group and Barclays Bank boards and his executive role at BZW, but will remain non-executive deputy chairman of BZW.

In a final move, Roger Faxon, who came over from the US as managing director to mastermind a cost-cutting reorganisation at Sotheby's Europe, returns to New York. He will be replaced by George Bailey, who was responsible for business development.

Announcing the changes yesterday Diana Brooks, president and chief executive officer of Sotheby's, said that Europe, and especially the UK, was helping to lead the company out of the recession in the art market. In the first nine months of the year Sotheby's turnover in the UK was up by 34 per cent.

Skipper to leave Booker

Barry Skipper, chief executive of Booker's food distribution division and a member of the main board since 1982, is leaving the food distribution and agribusiness group at the end of the year.

Skipper, who joined the group 11 years ago, had been a rising management star until fairly recently and was viewed as a candidate for the chief executive's job which Jonathan Taylor vacated for the chairman's suite in June.

In the event Charles Bowen, a former Hillsdown director, was appointed chief executive.

Skipper's ambitions suffered a serious setback in March when Booker announced its first fall in profits since 1980 which it mainly blamed on problems at Booker Fitch, the catering food service business, part of Skipper's empire.

Announcing the move yesterday Taylor said Skipper had made "an enormous contribution" to the development of the group's food wholesaling and distribution operations.

However, he said that with the food distribution business accounting for such a large proportion of the group's sales and profits, "it is now appropriate that it reports direct to Charles Bowen, the new chief executive, who has wide experience of the food industry".

Yesterday Booker declined to discuss the terms of Skipper's departure. However, it confirmed that "there is obviously a settlement, but we would not wish to give details", while Skipper said: "I now look forward to whatever challenges are ahead for me".

He is the second senior executive to leave recently. Booker's finance director David Turner, who was also considered a possible candidate for the chief executive's job, last month joined GKN.

■ Sydney Howlett has retired from CHEMRING GROUP because of ill health, but will remain a consultant.

■ Brian Dudley, md for the UK operations of WACE GROUP, has resigned; Trevor Grice, chief executive, will have responsibility for Wace UK and Wace Europe which are being combined.

■ Simon McKie has resigned from RATHBONE BROTHERS to return to private practice.

■ Brian Hardy has resigned as marketing director of CML MICROSYSTEMS.

The appointment of James Hogarth as head of the capital markets group at Yamaichi International (Europe), the London-based European arm of the Japanese securities house, is further evidence that Japanese financial institutions are committed to their policy of appointing more non-Japanese employees to senior management positions.

More than half of the upper echelons at Yamaichi is now non-Japanese. The same ratio is also evident at Nomura International, the leading Japanese securities house and one of the first to adopt this policy of "localisation".

Hogarth, who joined Yamaichi as a graduate, has worked in the corporate finance department for over seven years and at the ripe old age of 29, is one of Yamaichi's youngest executive directors.

He takes over from Masaaki Fujimoto who recently returned to Tokyo to become head of the European section of Yamaichi Securities' international finance department.

RTZ's Australian swap shop

The question of whether RTZ Corporation, the UK-based biggest mining company in the world, controls CRA, one of Australia's leading natural resources groups in which it has a 49 per cent stake, is a touchy subject, particularly in Australia. Nevertheless, there is an increasing movement of senior executives between the two.

The latest involves Leigh Clifford who will join RTZ on secondment from CRA as an executive director in May next year. At CRA, Clifford, a 46-year-old mining engineer, is responsible for the group's investments in energy, including the coal operations and the most recent acquisition, Coal and Allied.

RTZ has so far this year spent a net $480m on buying coal assets in the US and says it has ambitions to acquire more; with Clifford on the board it is likely that this strategy would be vigorously pursued.

Clifford is a graduate of Melbourne University and has been with CRA since 1970. Until his 1988 appointment as a group executive, he worked principally in the lead/zinc operations.

His arrival at RTZ coincides with the return to CRA of Leon Davis who has been on secondment to the UK company's board. His main task was to reorganise the combined worldwide exploration activities after RTZ bought most of British Petroleum's mining and metals assets for $3.7bn in 1989. Davis returns next May as CRA's managing director and chief executive designate.

The Henry Moore touch: one of the photographs in Bill Brandt's Perspectives of Nudes series

Photography / Lynn Macritchie

Figures in a surreal landscape

LOOKING at the hundreds of photographs by Bill Brandt, assembled in the splendid retrospective at the Barbican, I did not see what I expected to see. The more I looked, the more mysterious those familiar images became, until I felt myself looking, not at a cherished record of recent history, but at a stranger, darker world.

Image after image purported to illustrate the everyday lives of all manner of folk, pluckily surviving in air raid shelters or enjoying the sunshine in the park, but instead of convincing in their verisimillitude, they began to seem more and more like exercises in fantasy, the recreation of dreams.

How could this be? How could Miss Hibbott, the Lyons Corner house "nippy" whose day was one of a series recorded in 1939, or Alice, the stalwart barmaid of the "Crooked Billet" (a strange and menacing name) at Tower Bridge be anything other than real, brought reassuringly to life in the *Picture Post*?

Then I began to realise: the people are the problem. Only very rarely do their actions, their mundane lives, mesh with the grandeur of these dark compositions to make photograph and subject one – the miner having his back scrubbed beside the fire, taken in 1937, is perhaps the best example. Otherwise, their fate is more uncertain.

Miss Hibbott, neat in her uniform, carrying her tray – so far so good. But what is this? A visit to the hairdresser? The hairdresser stands behind her, a huge corrugated metal tube in her hand, its monstrous coils just as important an element of the composition as Miss Hibbott's pretty face, smiling reservedly from beneath, its metallic framing completed by a row of mysterious containers gleaming on the rim of the washbasin.

All the famous chronicles, from the earliest "The English at Home" of 1936, onward, are heavy with this sense of tension, of figures caught in a drama whose meaning goes deeper than the mundane events chronicled.

The late nudes, which by huge close up and careful composition render naked limbs into Henry Moore-like abstraction come as a relief, as perhaps they did for Brandt, after so many years serving the demands of his career as a photojournalist. For Brandt, always referred to as Britain's greatest photgrapher of the modern era, was at heart a surrealist, drawn not so much to the people his jobs required him to record but to the silent world of objects, from whose random conjunctures he could hope for revelation.

His first photographs to be published, in the Surrealist journal *Minotaure* in 1935, were of a group of ship's figureheads, and this interest continued throughout his career, with his wartime work recording endangered buildings and afterwards in series such as "Odd corners of Museums" for *Lilliput*, 1944.

Brandt, born in Hamburg in 1904, came to England, his adopted home, in 1931. It had been a fantasy land for him in childhood, a place imagined from the colourful images of his beloved Beggarstaff brothers. And it is as a recorder of British life that he is celebrated. But he created as much as he observed, carefully staging scenes – stern Bobbies beneath streetlamps, boys peeping into a pub interior – to make a London as romanticised as that of Dickens. Only the glorious landscapes, of the Brontë country, Stonehenge, or a journey to Skye, can stand alone, their wild beauty matching any dream.

Brandt's nudes trace the development of his work most clearly. "Reflection" published in *Lilliput* in 1949, includes that favourite surrealist device, the open door, while a 1945 example shown barebreasted at the dining table, embodies that other favourite surrealist theme, sexuality at the heart of bourgeois respectability. Their development into near abstract studies, published in "Perspective of Nudes" in 1961, by emphasising composition so determinedly, allowed him finally to transform flesh into form, taking it into the realm of abstract contemplation which was his true home.

■ ■ ■

The early work of one of Brandt's contemporaries at *Lilliput* and the first it celebrated purely as a photographer, Erwin Blumenfeld, may be seen in an intriging show at the Photographer's Gallery, celebrating his friendship with the artist Paul Citroen.

While both worked as photographers, Citroen, who made an intriguing series of portraits of the artists and intellectuals who had gathered in Amsterdam by 1935, became chiefly celebrated for a series of collages begun in Amsterdam and continued while studying at the Bauhaus. Much influenced by the work of the Berlin Dada group of which both had been members, Citroen's collages such as Metropolis, 1923, or the American Girl, 1919, create a fantasy image of New York, the city he never visited but which became home for his friend in 1941.

Citroen was first to try photography but it was Blumenfeld who made it his career, becoming the highest paid photographer of his time. While the nude studies and experiments with double images and gauzes of the 1930s shown here demonstrate the influence of Man Ray, they also indicate that ability to concentrate on the essence of the subject which was to make him such a celebrated fashion and advertising photographer, dominating the New York scene for nearly 20 years.

■ *Bill Brandt Photographs 1928-1983, Barbican Art Gallery, Level 8, Barbican Centre, London EC27, until December 12. 071-638-4141.*

■ *Paul Citroen and Erwin Blumenfeld 1919-1939, Photographers Gallery, Halina House, 5 Gt Newport St, WC1, until 20 November, 071-831-1772*

Theatre / Alastair Macaulay

Pinter plays the memory game

Part of what makes Harold Pinter's plays so striking, and so strange, is the large degree to which they are poetic. His economy, his ambiguities, his fragmentations all, it seems to me, come from a poetic impulse. And the meanings that his plays so mysteriously lodge in your mind operate upon you like meanings in poetry – modernist poetry in particular. The prose his characters speak, though never fancy, feels much closer to true poetry than most of the verse drama written this century.

In *Old Times* (1971), three characters begin by recollecting the past that first brought them together. But Kate and Deeley (who may or may not be married) and Anna (who once lived with Kate) never all shared the *same* past: They are three sides who only now become aware that they form a triangle. Deeley and Anna use memories as if competing for Kate, staking rival claims in her past; whereas Kate, more gradually, comes to recall the past by way of declaring her independence from them. Sometimes the "present" time seems to jump forward an hour or so, or 20 years back. Simple words, like "gaze" and "float", keep gathering in force. Old songs, too.

Meanwhile the meanings of the play *multiply* and *multiply*. Not only are Deeley and Anna competing for Kate, but Anna *is* the past, competing against Deeley the present. Female bonding competes with male-female bonding. There is also a sense *not* only that Anna will always know sides of Kate unknown to Deeley, but also that Deeley's most sincere original feeling was for a man he never knew – his now absurd obsession / identification with the actor Robert Newton.

A wonderful play: funny, poignant, troubling. This Birmingham Rep revival shows that its meanings have also increased in the light of Pinter's later work. Bill Alexander does marvels in making the play's intimacies project into the lengths and depths of this tricky theatre. Ruari Murchison's large, sparse, circular set solves the problems of scale with elegance and amplitude.

As in so many roles, Tim Pigott-Smith comes across as a naturally insensitive type, out of his depth, with an interestingly loutish potential for helpless violence. As usual, he slightly overdoes every inflection, while nonetheless getting the general plan of the character vividly right. Carol Royle's Kate however, is too preoccupied with her own lovely exterior, while too drab in utterance. As Anna, Estelle Kohler is beautifully alert to every nuance in the script. Even the more actressy features of her style all serve to reveal the play.

Kohler also sings very well. Deeley and Anna quote several old songs; Alexander is surely wrong here in omitting the specified chunks of "Smoke gets in your eyes" – the most telling of them all ("Something deep inside/ Cannot be denied"). But the way they sing the last stanza of "They Can't Take That Away from Me" – just as Pinter directs, – is superb. They are still in competition, and yet Kate, the object of their competition, eludes them. When Pigott-Smith hurriedly half-speaks "– No, no, they *can't* take that away from me", his words have new intimations of feeble despair.

Old Times is at Birmingham Rep until Nov 20. 021-236-4455

Theatre / Malcolm Rutherford

Love's labour in Navarre on the Fens

Who would have thought that Love's Labour's Lost would be the RSC's favourite play in the 1990s? Here is the company's second new production of Shakespeare's early comedy within the last three years and there are still new ways of doing it.

Ian Judge's direction switches the location from the park of the King of Navarre to a Cambridge College somewhere around the 1920s. This is the best opening interpretation of the play I have seen. For what else is the King of Navarre doing but acting like a precocious undergraduate of an Oxbridge college before the admission of women? He demands from his fellow students three years of study and a ban on girls.

For a while, the interpretation works wonders. The golden young men, otherwise the lords of the King of Navarre, stroll about in boating clothes, happy enough in the boathouse with its display of oars and familiar photographs of college eights. Anthony Dull, the constable, enters on a bicycle like a policeman in an old Ealing comedy. Costard, whom he brings with him under semi-arrest, behaves throughout like an old-fashioned college servant, utterly loyal to the place but slightly lost when it comes to four-syllable words.

The problem with trying to impose a single idea, however brilliant, on a Shakespeare play is how to sustain it all the way through. Judge just about pulls it off. He does so by changing some of the stranger characters in the piece into college dons. That goes for Armado, the "fantastical Spaniard" in the original, his page Moth, the curate Sir Nathaniel and the pedant and schoolmaster, Holofernes. They represent the over-academic side of the college, swapping latinisms while watching cricket.

If the production flags, it is not entirely the fault of the RSC. *Love's Labour's Lost* does have the odd, obscure *longueur* for a modern audience. The answer is probably to apply the scissors.

Yet the mainstream is full of delights. The college quad in moonlight is a marvellous site for the select band of students in the tryst to watch each other composing sonnets to the ladies they are pledged to eschew. Jeremy Northam as Berowne has the best part, but do not overlook the rest. This is a team performance by the men, like rowing in a four.

Then Shakespeare and the women take over. It no longer matters where the setting is, for parts of the play, especially the elegiac ending, are powerful and some, like the performance of the Nine Worthies, are both touching and funny. Never forget the final words of Holofernes as he is pushed off the stage: "this is not generous, not gentle, not humble".

The female playing is magnificent, almost a superior intelligence throughout. It is the reverse of Lysistrata. Here the men vow to be celibate. The ladies of the French court know they will never stick to it, but tease them throughout and finally tell them to hold off for another year.

One special tribute should go to Paul Greenwood as Boyet, the lord who accompanies the French ladies. Greenwood performs as if he is above the whole lot of them: not a eunuch, not an academic, not an idealist, but just genially detached. There should be a special medal for those who develop the smaller parts in Shakespeare.

The sets are designed by John Gunter, the lighting by Alan Burrett. They are absolutely right for Navarre on the Fens.

Love's Labour's Lost is in repertory at Stratford until January. Telephone: 0789-295623

Alastair Muir

A higher intelligence: Abigail McKern in Love's Labour's Lost

Obituary

Biographer and historian

The writer Sir Peter Quennell died on Wednesday at the age of 88.

The news will be heard with sadness by all who value purity and elegance of expression in literature. Quennell was one of those for whom an ugly sentence could cause more pain than an aching tooth.

He was a regular contributor to the *Financial Times'* weekly books page over many decades. An eminent biographer himself, he was a natural choice to review the lives of those famous or obscure authors who inhabit the highways and byways of 18th and 19th century literature. His own extended pen-portraits of Byron, Boswell, Baudelaire, Hogarth, Ruskin and others may still be read with enjoyment.

But Quennell's link with the FT was stronger than that of an occasional contributor. He was for many years joint-editor of the journal *History Today* when it was part of the *FT's* stable of periodical publications, and he worked from an office within the *FT* in Bracken House.

Quennell and his colleague, Alan Hodge, his co-editor, used to make a striking contrast when they appeared together in the lift, the former tall and matinee-idol-like in appearance, the latter with the anxious countenance and concentration of a scholar. They remained firm friends, however, and through Hodge, who had served Brendan Bracken and Churchill, kept alive the spirit of an illustrious past.

The then chairman of the *FT*, Lord Drogheda, was in the habit of sending queries down about recondite literary topics to "Peter Q" (as he always called him) and receiving an instant response.

Born in 1905, Quennell was the son of C H B Quennell, the architect, and Marjorie Quennell, a book-illustrator. The pair published jointly a number of reference books of which *A History of Everyday Things* is the best known.

They sent Quennell to Berkhamsted Grammar School where he was a contemporary of Graham Greene but, far from scarring him for life, it seems to have equipped him with most of the the resources required, not merely for success in literature, but also socially.

In his youth no fashionable gathering was complete without Quennell's handsome witty presence. He crops up with alarming frequency in the smart memoirs of the period.

Quennell showed distinct promise as a poet in his youth, but then found his true *métier* in biography and literary journalism. He reviewed for a variety of journals with a long spell as chief book critic of the *Daily Mail* and he was editor of *The Cornhill Magazine* in the 1940s.

Quennell had five wives and two children, a daughter Sarah and a son Alexander, both of whom survive him.He was knighted in 1992.

Quennell was a delightful companion with an unexpected gift for mimicry, and he will be much missed by his many friends, both for his conviviality and for his lightly worn erudition.

Anthony Curtis

INTERNATIONAL ARTS GUIDE

OPERA GOES ON

As a result of a musicians' strike earlier this month at the Kennedy Center, the *Washington Opera* has put back by a week the start of its 1993-94 season, which will open on November 13 with Donizetti's Anna Bolena starring Nelly Miricioiu. The rest of the season has a strong Italian bias: another Donizetti, La fille du regiment (sung in English), is the company's Christmas production, and the schedule in February and March is dominated by Un ballo in maschera and Madama Butterfly.

The musicians' strike – now resolved with the signing of a five-year contract – has forced the cancellation of a new production of Eugen d'Albert's rarely-staged Tiefland, which was to have marked the debut next month of the Washington Opera's new music director, Heinz Fricke. But Fricke's experience in his native German repertory will be much to the fore in Ariadne auf Naxos, which receives 12 performances starting on January 8, in a production borrowed from the Canadian Opera Company.

The highlight of the season will be the world premiere on January 15 of Dominick Argento's new opera The Dream of Valentino, which tells of the life and loves of the legendary 1920s silent screen star Rudolph Valentino. The production will be conducted by Christopher Keene and staged by Swedish producer Ann-Margret Pettersson, with decor by John Conklin and costumes by Italian fashion designer Valentino. The American tenor Robert Brubaker will sing the title role (202-416 7800).

■ EXHIBITIONS GUIDE

BALTIMORE

Museum of Art William Paley Collection: 70 works by Cezanne, Matisse, *Picasso and others. Ends* Jan 9. Daily

BARCELONA

Museu Picasso Picasso and the Bulls. Ends Jan 9. Closed Mon (Carrer Montcada 15-19)

Fundació la Caixa Turner: drawings and watercolours from the Tate Gallery. Ends Nov 7. Closed Mon (Centre Cultural, Passeig de Sant Joan)

BERLIN

Martin-Gropius-Bau Japan and Europe 1543-1929. Ends Dec 12. Closed Mon

Museum für Ostasiastische Kunst Early Chinese Bronzes from the Klingenberg Collection: ritual vessels, implements and weapons from the Shang and Zhou dynasties. Ends January 9. Closed Mon

Museum für Islamische Kunst Dragon, Phoenix, Double Eagle: an exhibition devoted to the depiction of imaginary animals in Islamic art. Ends Jan 31. Closed Mon and Tues

BOLOGNA

Museo Civico, Pinacoteca Ludovico Carraci (1555-1619): an attempt to improve the image of the less gifted member of an extraordinary family. Ludovico remained in Bologna, while his better-known cousins, Annibale and Agostino, were head-hunted by Cardinale Farnese to decorate his Roman palace. Ends December 12.

LONDON

Royal Academy of Arts Great Master Drawings from the Getty Museum: 120 works of the Italian, French, Dutch, Spanish and German schools, including Goya, Tiepolo, Leonardo, Raphael and Dürer. The Getty *collection of* master drawings at Malibu was started in 1981, and in just over 10 years has grown to be one of the most exceptional collections of its kind. Ends January 23. American Art in the 20th Century: the period from 1913 to 1970 is covered at the Royal Academy, and from 1970 to the present day at the Saatchi Gallery. Ends December 12. Daily

Tate Gallery Ben Nicholson: centenary retrospective of the British abstract painter. Ends Jan 9. Daily

Whitechapel Art Gallery Lucian Freud. Ends Nov 21. Closed Mon

Marlborough Fine Art Francis Bacon: *small portrait studies.* Ends Dec 3.

Accademia Italiana The Age of *Lorenzo de'Medici 1449-92. Ends* Jan 23. Daily

Hayward Gallery Alphonse Mucha: retrospective of the Czech Art Nouveau artist renowned for his fin-dè-siecle posters in Paris. Ends Dec 12. Daily

National Portrait Gallery Thomas Eakins: 44 paintings and five drawings by the 19th century American portraitist. Ends Jan 23. Daily

British Museum Drawings from Chatsworth. Ends Jan 9. Daily

National Gallery The Wilton Diptych. Ends Dec 12. Ken Kiff: a sampling of work by the Gallery's second associate artist. Ends Jan 9. Daily

LYON

Musée des Beaux-Arts Design in Lyon from the 17th to 19th centuries: to inaugurate its new exhibition space, the Graphic Design Department has grouped 80 *drawings and engravings by* artists from Lyon. Ends Jan 16. Closed Mon and Tues

MADRID

Centro de Arte Reina Sofia Vienna 1900. Ends Jan 10. Closed Tues

NEW YORK

Museum of Modern Art Joan Miro: centenary exhibition of the Catalan master, comprising 400 paintings, drawings, sculptures, ceramics, prints and illustrated books. Ends Jan 11. Robert Ryman: 80 works. *Ends Jan 4. Closed Wed*

Metropolitan Museum of Art The Annenberg Collection of impressionist and post-impressionist works. Ends mid-Dec. Master Drawings of the *Hudson River School: 50 works* on paper by America's earliest school of landscape painting. Ends Dec 26. Closed Mon

Guggenheim Museum Roy Lichtenstein: 120 major paintings and 23 sculptures. Ends Jan 16. The main museum is closed on Thurs, the SoHo site on Tues

Whitney Museum of American Art Arshile Gorky's Betrothals. Ends Jan 9. Closed Mon

PARIS

Musée d'Orsay From Cézanne to Matisse: Masterworks from the Barnes Foundation. Ends Jan 2. Closed Mon, late opening Thurs (reservations: 4410 7300 or at Fnac shops)

Grand Palais Les Nabis. Ends Jan 3. Closed Tues, late opening Wed

Petit Palais Masterworks from Leipzig. *Ends Dec 5. Closed Mon*

Musée d'Art Moderne de la Ville de Paris Gerhard Richter: 100 paintings by one of Germany's leading contemporary artists. Ends Nov 21. Closed Mon, late opening Wed

Museé de l'Orangerie Art in Paris at Paul Guillaume's: an exhibition recalling the influential 1920s dealer who specialised in African art. Ends Jan 3. Closed Tues

PRAGUE

Convent of St Agnes of Bohemia Neapolitan Painting 1631-1656: 40 works from an important period in Neapolitan art, together with other exhibits pointing up the cultural and historical connections with *Bohemian art of the period.* Ends Jan 30. Closed Mon (U Milosrdnych 17, Stare Mesto)

Prague Castle Riding School Jean Dubuffet: 75 paintings and sculptures. Ends Nov 28. Closed Mon

Convent of St George 16th and 17th Netherlandish Drawings. Ends *January 1. Closed Mondays* (Prague Castle)

RIMINI

Museo Civico Guido Cagnacci: 50 splendid works by the painter of the most sensual female nudes of the entire baroque era. Ends Nov 28.

ROME

Palazzo Ruspoli Mino Maccari (1898-1989): an entertaining retrospective of one of the more remarkable and eccentric Italian artists. Fiercely anti-Fascist, Maccari was good at pricking Mussolinian pomposity with a Lear-like vein of loony humour, both in verse and prose, and in a series of visciously satirical sketches. *Recurring themes in his* oils are the Tuscan hills of his youth, his children and his two cinematic idols – Mae West anbd Erich von Strohein. Ends Nov 28. Daily

Palazzo Venezia Corrado Giaquinto: the late baroque artist, who provided enormous altar-paintings for numerous Roman churches and was feted in European courts during his lifetime, has ever since been unfairly neglected. This fine show, with works from European and American collections, attempts to set the record straight. Ends November 14. Closed Monday

Villa Medici Jean-Pierre Velly: 140 paintings and engravings, *mainly* from Italian private collections, by a one-time student of the French Academy and winner of the 1966 Grand Prix de Rome. His work reflects his passionate interest in late 15th and early 16th century German art, particularly DUrer and Cranach. Ends Nov 28.

ROTTERDAM

Museum Boymans-van Beuningen Richard Prince (b1949): more than 100 photos, objects, drawings and paintings created by the New York-based artist since 1977. Ends Nov 28. Wim Crouwel's farewell exhibition: the museum's departing director has chosen design around the year of his birth, 1928, as the theme for a show including Dutch functionalist architecture, chairs by Le Corbusier, typography and transport design. Ends Jan 9. Closed Mon

WASHINGTON

Hirshhorn Museum Willem de Kooning: 50 works by the key abstract expressionist painter spanning the years 1939 to 1985. Included are examples from all three series of his Woman paintings. Ends January 9. Daily

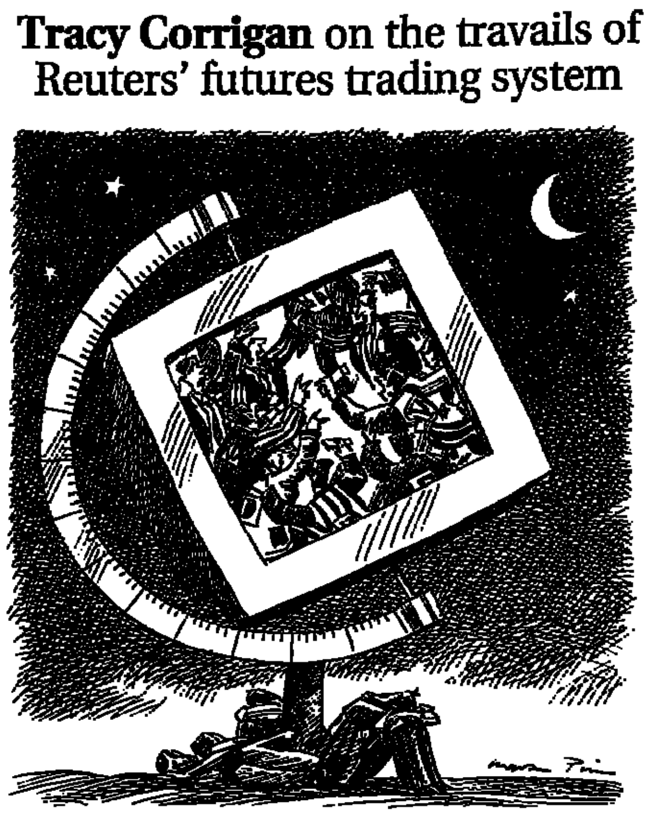
National Gallery of Art John James Audubon: 90 watercolours by the early 19th century American naturalist-artist. Ends Jan 2. Cesarini Venus: Giambologna's marble masterpiece is the centrepoint of an exhibition focusing on the female nude. Ends Jan 17. Daily

Walters Art Gallery Sacred Art of Ethiopia. Ends Jan 9. Artists of Ecouen. Ends Feb 6. Closed Mon

National Museum of American Art Paintings from the *American* South-West: 22 paintings by 17 artists who travelled to New Mexico between 1900 and 1940, and were captivated by the dramatic landscape and native cultures. Ends *March 20. Daily*

Darkest hour before dawn

Tracy Corrigan on the travails of Reuters' futures trading system



Globex, the international electronic network for dealing in the world's fast-growing "futures" market, may offer a foretaste of the shape of financial trading in years to come. But at the moment its own future is far from certain.

The volume of trade on the system, developed by Reuters, the London-based news and information group, in conjunction with the Chicago Mercantile Exchange and Chicago Board of Trade, the world's two largest futures exchanges, is well below target. Apart from the Matif, the French futures market, it has failed to attract members elsewhere.

Part of the problem is the rivalry between futures exchanges, which are reluctant to join a system run by their competitors. But there is also a more fundamental question: whether the market for futures – instruments which commit the holder to buy or sell commodities, shares and bonds at a later date – will ever be sufficiently global to make the system profitable.

Doubts over the system have this week prompted discussions between Reuters and the CME over possible changes. A renegotiation of the agreement between all three partners is due in April.

Reuters has most at stake. It contributed $75m (£49.6m) towards Globex's $80m development cost. Though the idea was conceived in 1987, stock market analysts forecast that Globex will not make a contribution to Reuters' revenues until 1995.

Mr Brian Newman, of stockbrokers Henderson Crosthwaite, says the project is "intellectually important, but not vital for short-term profits". Globex's failure, however, could weaken Reuters' efforts to dominate the market for financial trading systems: without Globex, it would have to rely on its currency and equity dealing systems.

In April, Reuters has the option to pull out because its partners have failed to reach the pre-agreed target of 50,000 of their contracts traded every day on the system. (The current volume is only about 5,000 a day.)

Its commitment to its partners has been severely tested. Mr Pat Arbor, the CBOT chairman, did not help relations by describing, during a Globex marketing trip to the Far East, his exchange's own after-hours electronic dealing system, Project A, as "less expensive to introduce and easier to use". But withdrawal in April seems unlikely because Reuters is keen to recoup its investment.

Reuters is believed, however, to be looking for a radical restructuring with the aim of diminishing the role of the CBOT and CME so that other exchanges are encouraged to join. In particular, it needs to win the backing of large players such as the London International Financial Futures and Options Exchange.

Yet such changes will only ensure Globex's success if the initial concept of a global network for trading futures proves viable.

Globex was conceived to allow round-the-world trading of futures and options, 24 hours a day. Its backers got one thing right: futures markets have become an increasingly important part of world financial markets. Because futures offer a cheaper and quicker means of dealing, they frequently drive price changes in stock and bond markets. The value of financial products and commodities traded via futures contracts on the world's exchanges has reached an estimated $140,000bn a year. Most of this business takes place in trading pits during local working hours by men and women in brightly coloured jackets signalling prices to each other across the floor.

Before Globex, futures trading stopped when markets closed. That meant, for example, that if the US president suffered a heart attack outside hours, traders in Japan or London were unable to react by buying or selling US Treasury long bond futures during their own trading day. In the late 1980s, when the trend across all financial markets was towards increased internationalisation, Globex seemed a logical development. Now the atmosphere is more sober, even among its backers.

In spite of the rapid growth of cross-border trading and investment, few financial markets are truly global. Only currencies are traded actively 24 hours a day. Other markets, even the extremely liquid US Treasuries market, trade mainly during the working hours of their own country.

This means that it may be difficult for Globex to attract heavy volume, except in exceptional circumstances. For example, when President Boris Yeltsin dissolved the Russian parliament after France's Matif had closed for the day, 61,000 contracts in French government bond futures were traded overnight on Globex.

The counter argument put by Globex's backers is that it has the advantage of being the only electronic trading system for futures. Moreover, regulatory hurdles in many countries have slowed the system's spread around the world, and until screens are in place on more traders' desks, its value will not be fully appreciated. "How can we be measured at this point when we only just got approval to put screens in the Pacific Rim? How do you sell hotdogs in Japan when you don't even have a hotdog stand there?" asks Mr Jack Sandner, CME chairman.

"We are making a long journey here and you don't do it in two years," he says. Ms Rosalyn Wilton, managing director of Reuters transaction products, says: "The key to transaction products is gaining a critical mass; that takes time." Reuters says it is confident about Globex's future. But it is keen to improve the system's marketability.

That concern will be at the centre of Reuters' discussions with its partners in April – although it is possible a resolution could come earlier. The group has been reticent so far about strategy but it admits change is probable. "We want to explore all the various avenues and opportunities," says Ms Wilton.

A possible scenario is an agreement that Reuters will have overall charge of running the system with all member exchanges – including the two founding partners in Chicago – having equal influence over the day-to-day operations. Mr Arbor of the CBOT hints that he would be prepared to go down that road, adding that after the agreement is renegotiated, Globex "will look more open, more like a utility. I think the present structure may be too restrictive."

Such an accord may require Reuters to take a stronger hand in dealing with the two Chicago exchanges, which have bickered over the handling of negotiations with other exchanges. If a deal can be struck, however, any additional members would bring new products and new users to Globex. It would be at least a first step towards allowing the system the opportunity to prove its worth as a trading tool that could survive into the 21st century.

Joe Rogaly

The lame duck in winter

Canada's obliteration of its Progressive Conservatives is tempting. Our Canadian cousins reduced the party which had ruled them for the past nine years from 153 seats, and an overall majority in parliament, to two.

It would be a delight so to humble Britain's Tories. They have governed us for the past 14 years. British voters should decide which two Conservatives to conserve, and defenestrate the rest. It merely requires some intelligent tactical voting. We can rule out Mr John Major. The prime minister would have to quit politics after such a disaster. Very well then, what about preserving Mr John Patten, the education secretary? Not quite. Mrs Virginia Bottomley, the health secretary? Not exactly. Mr Michael Howard, the home secretary? Please. This is serious.

I need not list all the candidates for ejection. The choice of which ones to keep makes itself. The secretary for social security, Mr Peter Lilley, and the backbench rebel, Mrs Teresa Gorman, are the pair of Tories who most deserve to be condemned to wander, lost souls, in the purgatory of a Westminster in which all other MPs would be Labour, Liberal Democrat or Celtic nationalist. "I am now the leader, Peter," the one will say, to be met with an echo from the other. The torture would be the more exquisite for the fact that the only congenial spirits the condemned could turn to would be one another.

This phantasmagoria should not be taken as an argument in favour of Labour, or a Lab-Lib coalition. We do not have the luxury of choosing a party with whose governance we would be satisfied. There is none such. The Liberal Democrats are not serious contenders. The Conservatives, Mr Lilley prominent among them, have been musing about taking us back to the 1950s. Labour demonstrated at its recent conference that it is still incapable of reshaping itself. Its leader, Mr John Smith, has put the brakes on the modernisers around him. With Labour in charge, it would be back to the 1960s.

We adherents of the "none of the above" tendency must therefore remain analytical. I have long assumed that Labour is out for ever; that we are effectively in a one-party state, as the Japanese and the Italians used to be. This has been the usual position taken in this space, although there have been one or two wobbles, most regrettably during the weeks before the April 1992 election. All assumptions should be questioned from time to time. The "one-party state" theory is looking thin. The result of the Canadian election is one reason, but there are others. Japan's Liberal Democrats have been dismissed after 40 years in power. Italy is in revolt against political corruption, and fed up with its Christian Democrats. We will see what happens in New Zealand's election next week. Mr Major is looking for a surprise victory by Mr Jim Bolger, the incumbent Conservative prime minister.

We do not have the luxury of choosing a party with whose governance we would be satisfied. There is none such

While keeping his fingers crossed, he should reassess the conventional wisdom, which is that Labour is so unappetising that the southern English will never vote for it in sufficient numbers to give it a majority. If that is still true, the Conservatives will win again in two or three years' time, following a return to relative prosperity. But what if it is not? The daunting answer is that the troglodytes in the Labour party would then have been proved right. Just wait for the Tories to rot on the vine, they say, and we're in. In short, it is no longer certain that "one more heave", Mr Smith's cautious strategy of minimum disturbance, will fail. On this view it is at least possible that the next government will be Labour-led, Liberal Democrat-supported, and deeply, disappointingly, conservative.

The deciding factor may be the extent to which Mr Major can re-establish the government's authority over its backbenchers. The Conservatives are still recovering from the shock of Black Wednesday. The natural respect for the leader of the party, the instinctive closing of the ranks in times of trouble, the very will to govern were blown away when Britain was ejected from the exchange rate mechanism. The prime minister was humiliated, his stature diminished. Rehabilitation is turning out to be a longer, slower process than anyone could have foreseen.

Some progress has been made. The divisive bill to ratify the Maastricht treaty is now a statute; Europe, barring accidents at today's EC summit, may become politically manageable, at least in the short term. An economic recovery is under way, if fitfully. Mr Major's unashamed appeal to nostalgia got him through his big speech at the party conference. The mood is better now than it was in the spring. This rosy picture is spoiled by unruliness on the backbenches. Backbench revolts have now become the norm. Disunity is the problem; all else is secondary.

The recent spate of headline "climbdowns", "U-turns", "threats" and the like constitutes bad publicity of the kind that, if prolonged, could prove fatal. If the sense of drift that it suggests persists, we are in for one of the most drawn-out stretches of lame duck administration in British history. Yet each act of tacking and trimming is different.

For example Mr Howard's à la carte approach to the Sheehy report on police pay and conditions suggests a certain weakness. The home secretary was selecting from a menu put up by the government's consultant. Managements that appoint them should know that the purpose of consultants is to provide intellectual support for ideas the client first thought of but could not impose. Mr Howard got the report, but could not implement all of it. Again, the government was obliged to accept a Lords amendment allowing British Rail to bid for franchises under the new arrangements for the railways. Some ground was recovered yesterday by tabling a new amendment, making it difficult for Byzantine Rail to bid.

The big test is the Budget, due on November 30. One interest group is trying to bounce Mr Major away from defence cuts; another from putting VAT on domestic fuel; a third towards further social security restraint. The prime minister must ensure that the Budget is decided by the chancellor and himself, and supported by the cabinet and party. If he cannot achieve that, talk of the decimation of the Tories at the next general election will no longer be such a laughing matter.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

No reason to hold up Bosnia airlift

From Professor Shirley Williams.

Sir, Please let me commend you for your leader on Bosnia ("Bosnia still", October 22). As the world's attention moves away from Sarajevo and the other remaining remnants of the territory of the independent, internationally recognised nation of Bosnia-Herzegovina, so the Bosnian Serbs tighten the noose. They have proved brilliant at moving whenever the world loses interest. Yet, as you say, the United Nations Security Council has declared its willingness to protect these enclaves, and to get humanitarian supplies through, pledges that today clearly embarrass the western powers.

It should be possible to airlift enough food and medical supplies to these enclaves. If Tuzla airport, still in government hands, is reopened, large cargo aircraft could land there. It is inexplicable that this airport has not been used because of Bosnian Serb objections. It should be possible to protect cargo aircraft – indeed, it would give our Nato fighter aircraft, now pointlessly and expensively overflying Bosnian air space, something worth doing.

And it would show western resolve to stop the last flickering embers of a brave attempt to create a civilised multi-ethnic society from being extinguished for ever.

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European Council must not reinterpret Maastricht

From Mr Bill Cash MP.

Sir, Sir Leon Brittan's article, "Time to retune for Emu harmony" (October 27), makes a powerful case – even if he may not realise it – for the renegotiation of Maastricht and for a return to Title II of the Single European Act which kept the words "Economic and Monetary Union" in brackets.

We do not need the European Council to commission (yet another) outline economic strategy. "One Money, One Market" was hopelessly wrong – why should anyone be taken in again?

We must not be. We live in hope that the government will make this clear at today's EC summit.

Sir Leon and others at the summit should heed the implications of the recent German court ruling and not attempt to interpret and implement Maastricht as they please; it is not their right so to do. But even if they do try they will find that no amount of realignment, co-ordination and reinterpretation can paper over the fundamental inadequacies of Maastricht's economic and monetary provisions.

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A hard lesson in politics

From Professor Ira Sohn.

Sir, Further to Observer's comment on the future of Kim Campbell, the outgoing prime minister of Canada ("Female pitch", October 26), Dwight Eisenhower reportedly was once asked why he resigned as president of Columbia University to run for and later serve as president of the US. He replied that he left the university because he couldn't stand the politics!

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professor of finance,
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Identity cards to be welcomed

From Mr Michael B Heath.

Sir, You report, "Benefit fraud costs £5bn a year, say officials" (October 26), that the government is considering the introduction of identity cards for benefit claimants to reduce fraudulent claims.

Such a measure could have much wider advantages in industry, particularly if it is the first step to the introduction of a universal identity card.

As an industry with many thousands of employees and a turnover of more than £1.5bn, members of this association would welcome such an initiative.

Our member companies, which have to abide by a code of practice as a condition of membership, work under increasing burdens to ensure the propriety of their employees. They have long been frustrated by the lack of adequate means of checking the credentials of potential employees, particularly in regard to the status of foreign nationals, National Insurance and tax.

Any initiative which makes such checks easier and more effective, reducing administrative burdens while improving the accuracy of checks on potential employees, should be widely welcomed throughout industry.

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Confusion in fusing 'sides'

From Mr Joseph Rosen.

Sir, You should be complimented on another excellent survey on derivatives (October 20). There is, however, one point over which I must quibble. The article on technology, headed "Integration top of the agenda", inverts the proper meanings of "buy-side" and "sell-side" when it refers to "... a small but growing band of the corporations and investment institutions on the sell-side".

Perhaps this is not only an inadvertent oversight, but is also another clear indication of how the distinction between "buy-side" and "sell-side" is rapidly becoming an anachronism, as the two "sides" of the securities and investments industry are fusing into one, and an increasingly competitive one at that.

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No fat, cosy system protecting banking sector in the UK

From Mr Robin Monro-Davies.

Sir, Robert Peston's article on the Bank of England's aid to UK banks was most interesting ("Silent launch of the lifeboat", October 19). However, I found his conclusion perplexing. He argues that, although system stability has been maintained, it came at a heavy cost, in terms both of the bailouts he mentioned and of market inefficiencies caused by perpetuating the widespread belief that the Bank prefers to support banks rather than allow the market to sort the weak from the strong.

I doubt it is true that the moral hazard cost has been a high one, but it is virtually impossible to prove either way. However, the idea that we have a fat, cosy system where the incompetent are protected is simply not true. In the past few years we have seen numerous banks closing, being forced out of the market and, in the case of BCCI, collapsing with enormous creditor losses. We have seen runs on deposits at building societies, financial institutions being forced to merge and volumes of loan losses at both big and small banks never before experienced. Apart from setting the tumbrils rolling though the City of London depositing (no pun intended) bankers at Traitors' Gate, I cannot see what further could demonstrate a competitive system with at times systemic risk.

Even if it were true that the cost of moral hazard were high, I cannot see how setting up a separate supervisory institution would solve the problem. It would be expensive and, because the new institution would find it difficult to attract personnel of the same quality as the current Bank of England intake, would result in a decline in the efficacy of supervision. Losing the dignity bestowed by the Old Lady, the supervisors would join the ranks of yet another industry "watchdog". (What about Ofbalance to join the ranks of Oftel and Ofgas?)

I note that those who recommend such a change and cite other countries where a dual system exists rarely mention the Nordic countries. I do not claim there is a direct connection, but the staggering losses suffered by banks in Norway, Sweden and Finland, and the huge sums the governments have had to provide to support these banks, do not *a priori* make a strong case for converting to such a system. Indeed, these countries now, in effect, have a triple system; they have had to create a third agency to monitor the doling out of the money. While splitting off the supervisory side would make the life of the governor easier, it has little merit, and commentators should concentrate on the issue of safeguarding the independence of the Bank of England, which is a much more serious matter.

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FINANCIAL TIMES

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Friday October 29 1993

Two cheers for Howard's way

IT WAS never going to be easy to reform police pay and conditions. Rooting out restrictive practices in the UK police service is essential to increase its efficiency and effectiveness. Yet these objectives will not be achieved if change unnecessarily antagonises those in the front line of the government's battle against crime. Nor will it command the support of the general public who have only recently been reminded of the special nature of police work with the murder in London of PC Dunne.

So Mr Michael Howard, the home secretary, has probably done as much as was possible to preserve the thrust of the Sheehy report against the fierce – often ruthless – opposition of the police staff associations. Yesterday he announced his acceptance of several contentious elements in the package recommended by Sir Patrick Sheehy's inquiry. These include the elimination of three management levels and the simplification of the pay structure by abolishing most allowances. The new pay formula should stop police pay surging ahead as it has done over the past 15 years.

The home secretary has also endorsed the principle of performance-related pay for the police, though in a simpler form than that recommended by Sheehy. And while he has rightly rejected the controversial proposal for fixed-term contracts for all ranks, the new disciplinary procedures he announced last month will make it easier to get rid of poor performers. Chief constables will have much greater flexibility to run their forces in line with local needs.

On the other hand, Mr Howard has rejected Sheehy's call for police starting pay to be cut. He says that he is anxious to attract older recruits, a worthwhile ambition. Yet this could be achieved without having to pay younger recruits salaries which the Sheehy inquiry found to be "well above the market".

The home secretary has also passed on to others much of the detailed discussion over the Sheehy recommendations. The police pension scheme is to be further reviewed, though the proposal that police officers should work for 40 years to get a full pension has been rejected. Overtime for inspectors is to be abolished, but for other ranks the issue will be passed to the Police Negotiations Board, along with other detailed work. While this tripartite body should be consulted on such matters, it will find it hard to take unpopular decisions.

The early welcome for the government's decisions from the chief police officers is a good omen from the point of view of morale. Without the backing of senior management, such reforms are unlikely to achieve their ends. But there remains an uncomfortable suspicion that Mr Howard has been bounced into conceding more than is necessary by the skilled campaigning of the well-organised police staff associations. With the government lacking confidence in its ability to carry a parliamentary majority, it is perhaps the best that could have been achieved.

America's choice

THE NEXT three weeks promise to be decisive for the future of global free trade. Will the world's trading powers be able to proceed down the home stretch towards an agreement in the Uruguay round of the General Agreement on Tariffs and Trade? Or will they have to brace themselves for an escalation of bilateral trade conflicts that could poison international relations and impair world economic growth? An initial answer may come on November 17, when the US House of Representatives votes on whether to ratify the North American Free Trade Agreement (Nafta) between the US, Canada and Mexico.

Technically, the Nafta vote is quite separate from the wider Uruguay round negotiations; in practice, the two are intimately connected. If President Bill Clinton fails to prevail over Nafta's opponents – an alliance of trade unionists, environmentalists and protectionists – he will be so weakened that he will have little chance of gaining approval for the concessions needed to secure a Gatt agreement. If he wins, he can choose to press ahead with concluding the Uruguay round by the deadline of mid-December, when his "fast-track" negotiating mandate expires.

The good news is that after months of hesitation Mr Clinton has finally come out fighting for Nafta with a series of campaigning speeches for the agreement and an increasingly sophisticated lobbying effort aimed at congressional waverers. As a result it is beginning to look as if the balance is tipping in his favour. Although Nafta could still be derailed by the election of a new Canadian government, which claims to be committed to renegotiating it, the US appears confident that Ottawa's ire is directed more at its existing free-trade agreement with the US than at the new deal which will supersede it.

Of course, Mr Clinton's efforts to secure Nafta come at a price. Sceptics in Europe and elsewhere note that the US has lately taken a harder line over the Gatt, withholding further tariff concessions, raising the stakes over financial services with east Asian countries and refusing to mollify the European Community over farm trade. They wonder whether Washington might, having secured Nafta, be tempted to spurn the multilateral negotiations in search of bilateral pacts with the Asian countries whose leaders Mr Clinton is to meet in Seattle on November 19.

They should withhold judgment, at least for a time. Mr Clinton's current negotiating posture may be more form than substance. There is no reason why freer North American or Asian trade should do anything other than complement America's commitment to the Uruguay round, while serving the useful purpose of concentrating recalcitrant minds in the EC. It is in everyone's interest that he secure Nafta. Then, if he is wise, he will decide it is in America's interest to complete the new multilateral trading framework that the world so badly needs.

Chunnel link

THE PLANNED high-speed rail link between London and the Channel tunnel could be a showpiece for the UK government's initiative of attracting private capital to public infrastructure projects. It provides an opportunity both to harness the private sector's skills in project management and to remove at least part of a £2.6bn-£3bn project from the public sector's balance sheet.

But to achieve these benefits, the Treasury will need to abandon its purist line that all the risk of such projects should be borne by private investors. Sticking to this line could delay or even kill off the project, as Union Railways, the British Rail subsidiary set up to develop the link, will tell ministers later today.

The essential point is that the private sector is not well suited to bear the political and regulatory risks associated with the early stages of large infrastructure projects. Before construction on the Chunnel link can proceed, planning consents must be won, public inquiries conducted, legislation passed and safety standards determined. At each stage, there is a danger that the project will be delayed and extra costs imposed.

This particular project does not start with a happy history as far as private companies are concerned. Several construction groups have already spent money making proposals, only to have them rejected largely for political reasons. There is also the overhang from the main Channel tunnel project, whose financial attraction has been reduced by a tightening of safety regulations and the delay in building road and rail links.

It is doubtful whether private funds could be attracted at this stage and, even if they could, a high risk premium would be required. Far better, therefore, for the public sector to put up the £200m needed for the project's next phase, tiding it over until political and regulatory uncertainty is largely out of the way. After that, it should be easier to find a further £2.5bn-plus from private investors. The remaining risks – concerning construction costs, operating expenses and customer demand – are the type the private sector is best at managing.

Given the current budgetary pressures, it is reasonable to ask why the Chunnel link should have priority over other worthwhile projects that are now stalled. Part of the answer is that the link is already badly delayed. Constructing it is important not only to maximise the economic benefits of the Channel tunnel but also to ease congestion for commuter traffic in the south-east.

But the most compelling reason for priming the pump is that a success with Union Railways would give a boost to the government's private funding initiative. It could open the door for private capital to flow into roads, railways and prisons. That, more than almost anything else, would ease the pressure on government finances.

The special EC summit is forced to take a realistic view of the pace of integration, writes **Lionel Barber**

High hurdles if you're not fit

The special European summit in Brussels today is supposed to celebrate ratification of the Maastricht treaty, but it looks more a stage-set for the walking wounded.

The co-architects of the treaty are diminished figures: Chancellor Helmut Kohl grumbles that Germans are not sufficiently grateful for German reunification; President François Mitterrand is a virtual recluse; Mr Jacques Delors, Commission president, laments the passing of an age when Europe could think and act on a grand scale.

Not even this week's Franco-German initiative to inject fresh momentum into European foreign policy could revive spirits. In Brussels, senior EC officials described the joint paper as little more than an exposition of the treaty, which paled beside past démarches.

Maastricht has claimed several casualties, but it has led to more realistic views about the pace of political and economic integration in Europe. After two Danish referendums, dozens of House of Commons votes, a wafer-thin *"oui"* in France, and this month's qualified approval in the German constitutional court, EC leaders know there is nothing preordained about progress toward an "ever closer European Union".

If the mood is modest, so is today's agenda. EC leaders will avoid the twin minefields of the Gatt trade talks, and discussion about streamlining decision-making once the EC completes the next round of enlargement negotiations. The summit will not hear new prescriptions for the ailing European Exchange Rate Mechanism; and "Big Bang" solutions to mass unemployment – such as President Mitterrand's plan for an Ecu 100bn loan to fund public works – are likely to be given short shrift.

Instead, EC leaders will talk about the economy, primarily the need to reform labour markets and improve Europe's declining competitiveness in relation to Asia and the US. But no decisions are expected, because nobody wishes to pre-empt Mr Delors' own White Book on employment and growth, to be presented at the regular EC summit in December.

So what is the purpose of holding a meeting of 12 heads of government for a few hours in Brussels, under the chairmanship of the Belgian presidency of the EC just three days before Maastricht enters into force on Monday November 1?

The first order of business is horsetrading. At stake are the locations of nearly a dozen EC institutions. These include the European plant breeders' rights agency, the European environment agency, and the real prize: the European Monetary Institute, forerunner of the European central bank, which will supervise a putative single European currency.

Brussels officials are convinced that the original decision to hold a summit was the result of German pressure to force a decision on the EMI. Mr Jean-Luc Dehaene, Belgium's prime minister, was unhappy about staging a special summit, not least because of the cost and the disruption to what has so far been a meticulously planned and executed EC presidency.

But last summer Mr Kohl was adamant. He was impatient with the delay in Maastricht ratification in the UK; and he was determined to bring home the EMI in the hope that it would counter German opposition to giving up the D-Mark and a fall in public approval for the Community.

The hardening of attitudes in Germany explains why the French appear willing to drop their opposition to locating the central bank in Frankfurt. "People will say it's a German Europe," says one official in Paris, "but if Emu can only be achieved with the price of Frankfurt, *tant pis*."

The promise of gaining an influence over German monetary policy through a future European central bank remains a driving force behind French policy on Europe. The price, however, is steep: a high interest rate policy to maintain the franc-D-Mark parity which is exacerbating the recession.

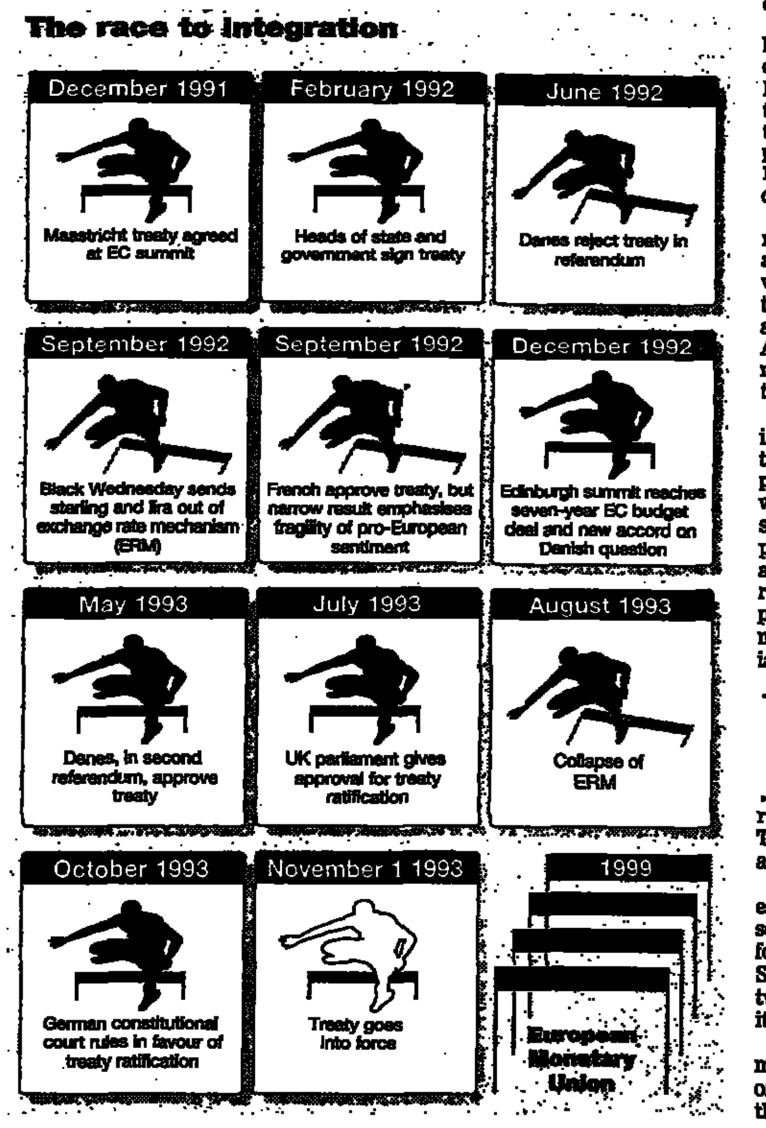
Some senior European Commission officials wonder privately how long the French can hang on; they believe the Balladur government should have ordered a reduction in interest rates immediately after the August 2 currency crisis which led to the de facto suspension of the ERM. But none of these officials is ready to call for an interest rate cut because they fear it would kill the last vestiges of credibility in the Emu process.

If there is a deal struck today on the location of the EMI, EC leaders will insist that Emu remains on track. But the test will be how member states choose to interpret the so-called Stage Two process – which provides for closer monetary and economic co-operation – due to begin on January 1 1994.

Under Article 103 of the treaty the European Council must draw up macroeconomic guidelines in December on the basis of qualified majority voting, in recognition that the national economies of the Twelve are "matters of common concern".

So far, EC finance ministers – led by France, Germany and the UK – have brushed aside suggestions that the Commission might put forward specific performance targets. Mr Delors himself remains dubious about Stage Two, unless member states are willing to "enrich" the process by giving more leeway to the EMI to co-ordinate monetary policy.

The race to integration



The same question of political will applies to Maastricht's provisions for greater co-operation on a common security and foreign policy, also to be discussed today. EC leaders will identify possible "joint actions". This Brussels code-word means a little more than reactive diplomacy, but a lot less than sending combat troops to trouble-spots.

The UK's pet project is to send diplomatic observers to monitor the parliamentary elections in Russia in December, and possibly the multiracial elections in South Africa next spring.

France is pushing the Balladur plan for central and eastern Europe; but one objection is that the proposed stability pact's implied willingness to examine all border disputes is an invitation to ethnic rivalry. Another target is the Middle East, where the EC has drawn up plans to send Ecu 500m in aid to the occupied territories.

More complicated is former Yugoslavia, where the Community remains scarred by its failure to secure a peace settlement but also by the divisions caused by the successful German push for early EC recognition of Croatia and Slovenia.

New provisions in Maastricht covering drugs and immigration and crime are more promising. In Germany, where Mr Kohl frets about Mafia-type gangs exploiting a frontier-free Europe, officials speak with genuine enthusiasm about closer intergovernmental co-operation. Crackdowns on crime also sell well in the UK, even when sold under the Brussels brand-name.

What is striking is the consensus inside Brussels and among member states that it is time to call a truce in the quasi-religious war over Maastricht. "No more permanent revolution," says one EC official, "there's plenty of meat in the treaty and we have to make it work."

UK officials agree. They detect that the tide is running in favour of looser forms of co-operation between governments rather than centralised direction from Brussels.

Thus, the cliché image of Brussels bureaucrats churning out directives on standardised Euro-coffins and Euro-condoms is passe' now that the Single Market legislaton is virtually complete. The Commission put out 162 directives in 1990 and 145 in 1991; barely 50 have been completed this year.

The Commission's role is evolving more as a regulator than as an initiator of EC laws. EC officials say it was always meant to be so. Maastricht was, after all, a good deal less ambitious than the Single European Act of 1986 which introduced a significant change in decision-making through qualified voting.

The slogan of the day is subsidiarity – powers to be devolved to the lowest appropriate level. It is a powerful tool, and EC officials worry that it could be extended to scrapping established directives, particularly social legislation such as the 48-hour working week. In recent months, Germany's preoccupation with national problems has made enthusiastic about subsidiarity.

In the short-term, however, the challenge for the EC is to stop the forces of fragmentation which have been in the ascendancy since the Danes rejected Maastricht in June 1992. The second, "yes" vote, did little to alleviate them.

Three tests beckon: the first is enlargment. The Community has set a target date of January 1 1995 for the entry of Finland, Norway, Sweden and Austria. Even if one or two applicants fail in referendums, it is a tough date to meet.

Second, the 1994 European Parliament elections will offer a real test of European public opinion about the EC. Two-thirds abstention rates will be a bad omen.

Third, and most important, is whether the EC can reach a Gatt agreement by the agreed deadline of December 15. One senior Brussels official warns that failure would "split the Community to the bone".

A senior German official agrees: "A Gatt agreement must be done with France. But without France, it will be the beginning of the end of the Franco-German alliance."

EC leaders believe there is no nothing to be gained by forcing the Gatt issue at today's summit [illegible] it would risk isolating France and creating a public spectacle of disunity. Their goal is to postpone a showdown in the hope of persuading France to come back into the Commmunity fold. It is a traditional, but high-risk, strategy.

It will not go away

Major must satisfy two audiences, says **Philip Stephens**

It is a summit that Mr John Major would rather do without. Maastricht is not a treaty that his battered government has any cause to celebrate.

Instead, in the words of one senior minister, the UK prime minister would like Europe simply "to go away for a while". He has problems enough at home without reopening the raw wounds in the Conservative party over European integration.

So as foreign secretary Mr Douglas Hurd put it this week, Britain will be seeking to persuade its European partners not to treat as a "passport to paradise" the creation of the European union enshrined in Maastricht.

In the familiar language of British pragmatism, Mr Major and Mr Hurd will urge their counterparts to refocus the Community's gaze on the realities facing its citizens: jobs, economic growth and the need for a new world trade agreement.

Mr Major has found it difficult to disguise his understandable satisfaction at the roadblocks placed on the road to European union by economic recession and disarray in the European exchange rate mechanism.

In Number 10 Downing Street yesterday, senior officials were speaking with open contempt at the notion that Britain's more federally minded partners should seek today to reinstate the Maastricht timetable for economic and monetary union. The prime minister himself has dismissed the hope of a single currency by the end of the century as one having "all the quaintness of a rain dance and about the same potency".

He can claim that the debate in Europe has started to go Britain's way. Of the UK's priorities, enlargement is seen as inevitable, competitiveness treated as a serious issue, and the Gatt trade deal has the support of all member states bar France.

But the confident Euro-scepticism that has crept into Mr Major's rhetoric as Germany, France and the other more federalist EC states have scaled down their integrationist aspirations is far from universally shared in Whitehall.

Appeasing the anti-Brussels right of the Conservative party will not win the prime minister friends in Europe. Nor will it further his aim of keeping Britain at the centre of the debate over Europe's post-Maastricht future.

Mr Hurd has set out the UK's aims in a less triumphalist tone. Acutely aware of the price paid by Britain for isolation during much of Mrs Margaret Thatcher's premiership, the foreign secretary said this week: "There was a time when we didn't find it easy to have a running, continuous dialogue with our partners. Now it's easier and that's an important gain."

But he was in no doubt that the greater "realism" displayed by other EC governments after the traumas of Maastricht ratification and the near break-up of the ERM would not curb, in the long-term, their ambitions to make a reality of economic and political union.

By tonight Mr Major may well have been forced to concede that the European Monetary Institute, the first step towards economic union, should be set up alongside the Bundesbank in Frankfurt.

So the government is aware that its disdain for Emu must be accompanied by a determined effort to give substance to the intergovernmental pillars of co-operation – in foreign and judicial policy – enshrined in Maastricht. If Britain is to press the case for a Europe of nation states, co-operation between governments must be seen to work.

Mr Major's problem is that he remains perched uncomfortably between two audiences. The recalcitrant right in the Conservative party demands the impossible: that the government turn back the clock of European integration to a golden age that never was, when Britain decided its own destiny. The UK's partners insist that, if their immediate ambitions have been curbed by the chill wind of economic reality, their federalist dreams have not. Sadly for Mr Major, Europe will not go away.

OBSERVER

Good eggs and sugar

■ The mushroom-pickers may not have their jobs back. But the taunts of the gaggle of women, dressed as plantation slaves, who gathered outside this week's Booker prize ceremony to protest at their dismissal after an industrial dispute, seem to have wounded the food company to the quick.

Booker is actually rather proud of its liberal tradition. Chairman Jonathan Taylor "leans towards the soft centre" himself, while one of his predecessors was the progressive Labour peer, Lord Campbell. The company even used to give money to the Alliance.

But, "surrounded in fiction and myth", Taylor sees references to the company's origins in slavery and the slave trade wherever he turns. All jolly inconvenient, given the sugar interests in Guyana and the management consultancy business to assorted third world agricultural ministries.

Well, the history books are on his side, just about. For Booker Bros & Co was founded in 1834 in Demerara, now Guyana, by George and Richard Booker, Liverpool merchants trading in sugar, hardware and dry goods. This was a year after slavery had been abolished throughout the British empire, and 27 years after the trade in slaves had been halted.

The brothers may have traded in sugar pre-emancipation, but that makes them no "more involved in slavery than people who ate the stuff", Taylor reckons. However, it was their elder brother Josias, who, having worked as an attorney on a Demerara cotton estate, was awarded a gold medal for his relations with the "negro" by the Anti-Slavery Society. "But one senses they were all quite good eggs," Taylor continues.

Off line

■ In an attempt to display a sense of humour, Switzerland's PTT decided to dispense with the usual children's drawings or maps of the area on its telephone directory covers, and to go for cartoons instead.

The idea was to send up regional telephony habits, with the one for the Valais, for example, showing punters queueing up atop the Matterhorn to use a phone booth.

However, though the cartoons were vetted by psychologists, feminists, vegetarians and all manner of special interest groups, no bells of alarm rang over the cover for the Geneva directory. This features two fattish Arab men in traditional robes standing beside their shiny Mercedes looking at the city's famous water fountain spurting high above Lac Leman. "Transparent oil!", shouts one into his cellular telephone.

Unsurprisingly, the city's large Arab community is in high

dudgeon, and an official protest to the Swiss was duly lodged by the Arab mission at the United Nations in Geneva. This in turn elicited an abject apology from PTT. "Next time we will not try to be so original," says Dieter Max Syx, the chief executive.

One of us?

■ Has Philippe Maystadt got the right man? The Belgian finance minister has been loudly singing the praises of Alexandre Lamfalussy, who will today be confirmed as the first president of the European Monetary Institute. He has found, he thinks, a "true believer" in a single European currency.

Maystadt has also been at pains to point out how Lamfalussy, general manager of the Bank for International Settlements, compares favourably with certain sceptical European central bank governors.

But did he not read last year's BIS report, in which Lamfalussy's hard-hitting comments on monetary union conveyed the impression of a man less than wholly enthusiastic about the Emu endeavour? Then, the author was not shy of enumerating the long list of "adjustment problems" that would be involved in moving to a single currency by the end of the century, or of giving ample treatment to the "many uncertainties" that lay ahead.

Indeed, so waspish was he deemed to have been on that occasion that he earned a rebuke from the president of the Dutch central bank. Wim Duisenberg is the man who, despite being France and Germany's favourite for the EMI job, turned it down because it wasn't big enough for him. Perhaps Maystadt should have tried one more heave to bring Duisenberg aboard.

Cause célèbre

■ It starts heartwarmingly enough. In May, Bianca Jagger, representing the Albert Schweitzer Foundation, takes out of Tuzla, Bosnia, two severely-ill children. One dies, but the other, Mohamed Ribic, aged 8, undergoes successful heart surgery and is installed in Bianca's Manhattan apartment, where she proclaims her undying love for him.

Now Bianca says Mohamed is homesick and wants to go back to Tuzla. She and her partner Robert Torricelli, a prominent New Jersey congressman, bombard the UN High Commission for Refugees and the US embassy in Zagreb with demands that transport be arranged immediately. UNHCR, Torricelli has declared, "did nothing to save Mohamed's life and now they're doing nothing to help return him to his family". He is now insisting he will take the boy back to Tuzla by land from Zagreb if UNHCR does not provide a flight.

Officials point out that Mohamed's father is disabled and half-blind, the family squatting in an unheated ruined house. Last week a Danish truck driver was killed on the road to Tuzla.

Bianca says, heart-rendingly, that Mohamed wants to go home and who is she to say he can't? Would that other refugees had such powerful patrons.

Fair's fare

■ Has transport minister Steven Norris, currently reviewing the licensing arrangements for black cabs and minicabs in London, been rumbled as NSIT (Not Safe in Taxis)?

FINANCIAL TIMES

Friday October 29 1993

Constitutional changes mark end of compromise

Yeltsin seeks unfettered powers for presidency

By John Lloyd and Dmitri Volkov in Moscow

MR Boris Yeltsin is seeking to place unfettered powers in the Russian presidency with a series of constitutional amendments rendering the office invulnerable to challenge from a future parliament.

A series of amendments to the new constitution – now being thrashed out by a constitutional assembly – point to a greatly strengthened presidency and an end to previous efforts to compromise with the growing power of the regions.

A set of decrees issued by Mr Yeltsin yesterday also mark the biggest drive yet to bring Russia's rebellious regions under a restored central command, with the president at its apex.

Mr Yeltsin has demanded that all regions and republics immediately pay all taxes due to the central government – on pain of having all credits and centrally distributed supplies suspended from November 1.

A number of republics and regions have withheld taxes, while arguing with the federal authorities over their respective rights to spend them.

Other regions have claimed republican status while a group of regions have proclaimed a new Urals Republic.

Under the constitutional amendments, the president would obtain the right to appoint the prime minister rather than, as is now the case, merely to propose a candidate who must then be confirmed by the lower house of the new parliament.

He would also be enabled to sack the government without the parliament's agreement and ultimately disband it, if it consistently opposed his choice.

The president would no longer be impeached for breaking the constitution – the issue on which the previous parliament sought to remove him.

Treachery against the state or other serious crimes are now the only grounds for impeachment, which must itself be confirmed by a higher court, with the impeachment process completed within three months.

The president would be empowered to suspend any executive body of power in Russia for breaking federal law, and the post of vice-president would be abolished, leaving the prime minister as the next in line in case of death or incapacity.

Amendments to the previous draft also include a cancelling of separate citizenship rights.

All foreign trade links would have to be "organised" by the centre, while the form of government adopted by regions and republics would need approval by the federal authorities.

The draft, which must be completed within the next two weeks, will then go to a referendum before being adopted.

Belgium tries for show of unity at EC summit

By David Gardner and Lionel Barber in Brussels

THE Belgian presidency of the EC was last night straining to prevent today's special summit of the 12 heads of government degenerating into a row over the balance of power between big and small member states.

The summit was called to revive Europe's spirits following the traumatic process of ratifying the Maastricht treaty.

France and Germany presented a new initiative this week to give momentum to the EC through a new decision-making body made up of European affairs ministers. But officials from the Commission, the Belgian presidency and a host of smaller member states feared that this could disguise a power-grab by the big member states, by shifting EC business from the Community to national governments.

Additional complications could come if the UK, Germany, France and Spain insist on raising the very sensitive issue of how to share out votes between the big and small countries, including Austria, Sweden, Finland and Norway, now negotiating EC entry by 1995. The Belgian presidency is relying on the strong will of the Twelve to avoid a public show of division after the disarray of the past 18 months. But much depends on an agreement on the locations of a range of new EC institutions, chiefly the European Monetary Institute (EMI), the precursor of a European central bank.

It is widely accepted that Germany has an almost undeniable claim to the EMI, because of the predominance of the D-Mark among European currencies. However, a decision depends on consensus being reached on homes for other coveted bodies, such as the European environment agency or medicines evaluation agency.

UK officials said they would not use the summit to accuse France of jeopardising a Gatt world trade deal by the December 15 deadline agreed with the US because of Paris's opposition to the Blair House accord limiting subsidised farm exports. Other EC states, led by Germany, are wary of isolating France.

EC leaders will also try to identify "joint actions" in the Maastricht common foreign and security policy. Likely areas for close co-operation include dispatching observers to monitor elections in Russia and South Africa, and the Middle East peace process. But diplomats stressed yesterday it would be much more difficult to reach agreement on any new initiative on the former Yugoslavia; efforts would be confined to enhancing the humanitarian aid effort.

Delors bloodied but unbowed, Page 3

VW wants four-day week

Continued from Page 1

line with the planned reduction in the working week from 36 to 28.8 hours would not be possible for all employee groups.

He also indicated that the German workforce would demand sacrifices and capacity cuts elsewhere in the group, which includes Audi, the quality car division, Skoda in the Czech Republic and Seat in Spain, which are not included in Mr Hartz's programme.

Seat has recently been told that one of its three factories is to be closed and 40 per cent of the 23,000 workforce is to go.

Mr Volkert said the unions will also demand details on the effects of changes introduced by production director Mr José Ignacio López de Arriortúa.

These include switching parts manufacture from inside the company's six German works to cheaper outside suppliers.

Mr López is also mainly responsible for an efficiency drive, which VW expects will improve productivity in German factories by between 11 per cent and 15 per cent next year, further increasing the pressure for job cuts.

Meanwhile the company plans to produce only 1.4m vehicles in 1994, unchanged from this year, which Mr Piëch describes as the worst year for the motor industry since the war.

Latest retail registration figures show VW suffering severe difficulties in its key export markets. In Italy the number of new VWs going on the road slumped 38 per cent. In Spain, where the market was down 25 per cent, VW registrations dropped 35 per cent.

US inflation at seven-year low on 2.8% growth rate

By Jurek Martin in Washington

THE US economy expanded at a real annual rate of 2.8 per cent in the third quarter, the best performance this year, because of steady growth in consumer spending and industrial production.

Inflation fell to its lowest level in seven years, the Commerce Department said yesterday.

The gross domestic product improvement would have been even better but for this summer's Midwest flooding, which cut 0.6 per cent off the quarterly return. In the first two quarters, GDP rose by 0.8 per cent and 1.9 per cent respectively.

Evidence of a non-inflationary and stronger recovery, with some better than expected corporate profits, pushed Wall Street sharply higher in early trading. The Dow Jones Industrial Average added 33 points by early afternoon to reach 3,697. Bond prices fell only modestly.

Only the farm and defence sectors failed to show growth, according to the department's estimates. Consumer spending rose by 4.3 per cent in the quarter, up from 3.4 per cent in the previous three months, a clear response to continued low interest rates. This was reflected in a lower personal savings rate, at 3.7 per cent from 4.4 per cent.

Mr Ron Brown, the commerce secretary, said interest-sensitive sectors seemed to be leading the recovery. Consumer durable equipment was up 9 per cent, residential construction was up 10.1 per cent and durable goods (up 7.5 per cent.

Inflation also abated in the third quarter, dropping to an annual rate of 1.8 per cent from the 2.9 per cent of the previous three months, according to the commerce department's fixed-weight price index for gross domestic purchases. This was the lowest quarterly increase since 1986, the department said.

President Bill Clinton, pre-empting a report due out later in the day, announced that the budget deficit in the fiscal year ending last month had fallen to $255bn, 12 per cent lower than the $290.2bn of fiscal 1992. He said this was evidence his economic policies were working.

A fistful of private economic forecasts foresaw even higher growth in GDP in the final three months. The Conference Board predicted a real 3.4 per cent, while Merrill Lynch's estimate was a more bullish 4-5 per cent.

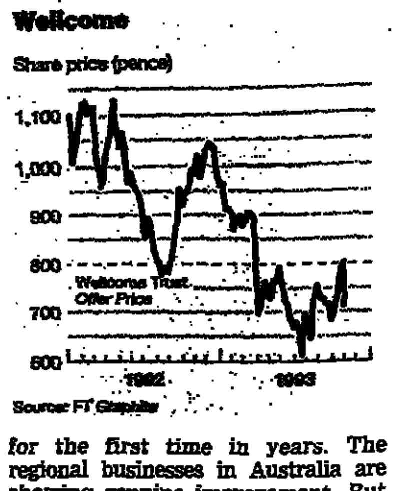
There remains concern that the current growth cycle may resemble that of last year, when an anaemic first half was transformed into a 5.7 per cent expansion in the last quarter. This was succeeded by minimal growth in the first half of this year.

The main negative non-farm elements were a widening trade gap, with exports down 1.1 per cent and imports up 1.9 per cent, though this was a more modest increase than before, and federal government purchases, down 6.1 per cent on lower defence orders.

THE LEX COLUMN

Wellcome catches cold

FT-SE Index: 3163.0 (+8.7)



Hell hath no fury like a market caught off-balance. The 11 per cent fall in Wellcome's shares yesterday follows a bull run lasting four months. A poor performance from Retrovir, Wellcome's anti-Aids treatment, was expected following negative clinical trials. The sharp deceleration of Zovirax, the anti-viral drug which has been the engine of Wellcome's recent growth, is more of a shock. While it is dangerous to project a trend from six months' figures, as the stock market seems minded to do, there are reasons enough to reappraise the prospects.

SmithKline Beecham's new anti-viral drug looks likely to provide Zovirax with stiff competition starting next year. The newcomer does not appear to have clear-cut therapeutic benefits, but SB will doubtless bring its marketing muscle to bear. Wellcome's declared defence strategy will include heavy discounting should this be required to keep sales growing. Margins have risen by 10 percentage points over three years, so it might now surrender some of the gain. Such threats might be aimed at dissuading SB from pitching its product too cheaply. But there must be a danger of a pricing battle from which neither company gains.

That might explain why Wellcome's generosity with its dividend fell on stony ground, unlike Glaxo's similar effort last month. With almost £600m in the bank and dividend cover of 2.7 times – against an industry average of 2.2 – Wellcome has room to repeat the trick. Until the profits outlook is less clouded, though, the promise of dividends growing faster than earnings does not hold much allure.

ICI

At first sight, the sharp bounce in third-quarter earnings reinforces ICI's status as a pure recovery stock now it has been stripped of Zeneca. Yet much of the profits improvement so far stems from a combination of cost cutting and one-off gains. The devaluation of sterling has added around £80m to profits this year, against the overall improvement of £72m shown by continuing businesses. The fibres-for-acrylics swap with DuPont flatters the underlying improvement in materials. New plant coming on stream makes the profits recovery in industrial chemicals look better than market conditions alone would allow.

There are green shoots sure enough. Autumn price increases in PVC and titanium dioxide appear to be sticking for the first time in years. The regional businesses in Australia are showing genuine improvement. But the message from other European chemicals producers is one of continued misery. Over-capacity in petrochemicals will depress selling prices even if demand recovers in line with the economy. The industry is more likely to pull slowly out of recession than show the kind of sharp cyclical recovery seen in the early 1980s.

A concerted effort to close inefficient plant now being mooted among European producers offers a glimmer of hope for better times. Since ICI has taken its medicine without the benefit of subsidies, such co-ordinated action might seem a shade unfair. If the plan ever reaches fruition, though, ICI is well placed to benefit.

Reuters

The doubts surrounding the future of the Globex futures trading system are a smudge on Reuters' recent record. Globex has proved itself technically, and experience with the system on Matif has shown it can operate successfully. But tensions between Reuters and the two Chicago exchanges, which have jointly developed Globex, have hindered its expansion and are now jeopardising its future viability.

The current relationship is untenable and must be altered. To succeed, Globex needs significantly to increase trading volumes. This will require the inclusion of other exchanges. But some of them, including Liffe, justifiably worry about surrendering control of their products to the Chicago exchanges, which are their main competitors. The hope is that forthcoming talks will break the log-jam with Reuters gaining control of the day-to-day operations. The Chicago exchanges have little room for manoeuvre given Globex's current losses.

Even if the talks break down and Reuters exercises its option to pull out of Globex next April, the financial damage will be limited. Reuters has already spent and written off an estimated $75m developing the system. Moreover, Globex is the least important of Reuters' new generation of products. Instinet is proving its worth. The Dealing 2000/2 foreign exchange system also appears to be acquiring critical mass. Nonetheless, a failure to capitalise on Globex would represent a serious blow to Reuters' reputation and ability to transfer its technological skills into new markets.

Ferranti

GEC's offer of between £110m and £150m for Ferranti seems to be pitched at a level which allows it to acquire the business with a minimum of fuss. Whether the bid is priced correctly is more uncertain. Arguably, GEC could have picked up the pieces of Ferranti from the receiver for far less than the nominal £10m being paid to shareholders and the assumption of Ferranti's debts. Against that, GEC argues that many things can go wrong once the undertakers are called in and the body starts to decompose. Yet it seems improbable that Ferranti's business is worth almost exactly the value of its outstanding debts. Perhaps GEC's judgment is that it can squeeze more from the corpse and do the Ministry of Defence a favour at the same time.

That should leave the banks offering thanks in the general direction of Lord Weinstock, who has relieved them of a sticky position and, in all probability, a messy insolvency. GEC's preparedness to take the banks out at face value may prompt shareholders to feel that there is more in it for them. If so, they are probably mistaken, as Ferranti's chairman, Eugene Anderson, was at pains to point out yesterday.

Given that GEC has made its offer conditional on obtaining 90 per cent acceptances, disgruntled shareholders could frustrate the plan. But unlike equally contentious offers such as Amstrad or Greycoat, the alternative for Ferranti probably is immediate receivership. The offer is a poor reward for the rights money and loyalty offered to a company whose track record scarcely deserved it.

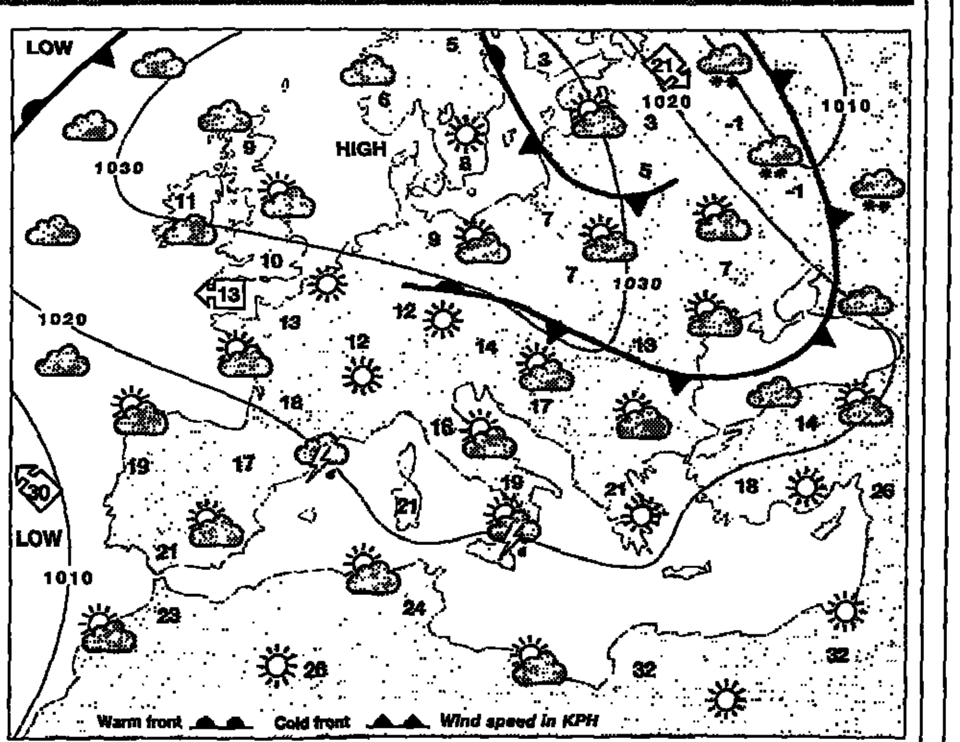
FT WORLD WEATHER

Europe today

High pressure over southern Scandinavia will cause calm conditions across north-west Europe with cloud and light rain or drizzle over the North Sea and Scotland. Sun is expected over Germany, the Benelux, England and large areas of France. In the meantime, cool air with scattered snow showers will move from eastern Finland into the CIS. Frost will form mainly in eastern Scandinavia but milder air will approach Norway from the Atlantic. It will turn cooler in the northern Balkans and the Black Sea region. Unsettled conditions are expected over north-east Spain and southern France with rain or thunder showers. Central and southern Italy could have showers.

Five-day forecast

High pressure will dominate the North Sea causing settled conditions across the north-west part of the continent. A depression over the eastern Atlantic will approach Portugal during the weekend causing rain or thunder showers over large areas of the Iberian peninsula during the next few days. Frosty conditions over the CIS will move further east as milder air arrives, but some snow will precede the warming trend.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

Maximum Celsius

Abu Dhabi	sun	33
Accra	fair	32
Algiers	sun	23
Amsterdam	fair	11
Athens	sun	18
B. Aires	fair	21
B.ham	cloudy	9
Bangkok	shower	33
Barcelona	thund	17
Beijing	fair	7
Belfast	cloudy	10
Belgrade	sun	13
Berlin	hazy	9
Bermuda	shower	27
Bogota	shower	19
Bombay	sun	33
Brussels	sun	12
Budapest	fair	11
C.hagen	cloudy	10
Cairo	sun	32
Cape Town	fair	25
Caracas	cloudy	29
Cardiff	cloudy	10
Chicago	fair	6
Cologne	sun	13
D' Salaam	fair	30
Dakar	fair	28
Dallas	cloudy	19
Delhi	fair	31
Dubai	sun	34
Dublin	cloudy	11
Dubrovnik	fair	19
Edinburgh	cloudy	8
Faro	shower	20
Frankfurt	sun	12
Geneva	sun	10
Gibraltar	fair	19
Glasgow	cloudy	9
Hamburg	fair	9
Helsinki	sleet	3
Hong Kong	cloudy	24
Honolulu	fair	28
Istanbul	cloudy	17
Jersey	fair	12
Karachi	sun	32
Kuwait	fair	33
L. Angeles	fair	22
Las Palmas	thund	26
Lima	fair	22
Lisbon	fair	18
London	fair	12
Lux.bourg	sun	12
Lyon	sun	12
Madeira	windy	20
Madrid	fair	16
Majorca	fair	20
Malta	thund	23
Manchester	fair	10
Manila	fair	31
Melbourne	shower	15
Mexico City	fair	21
Miami	fair	31
Milan	hazy	13
Montreal	rain	9
Moscow	snow	-1
Munich	fair	9
Nairobi	thund	28
Naples	fair	20
Nassau	shower	31
New York	fair	16
Nice	fair	18
Nicosia	fair	27
Oslo	fog	6
Paris	sun	13
Perth	fair	22
Prague	fair	10
Rangoon	fair	33
Reykjavik	rain	7
Rio	shower	25
Riyadh	fair	33
Rome	fair	20
S. Frsco	fair	24
Seoul	shower	16
Singapore	shower	30
Stockholm	cloudy	6
Strasbourg	sun	11
Sydney	fair	22
Tangier	fair	23
Tel Aviv	sun	28
Tokyo	fair	21
Toronto	cloudy	6
Tunis	fair	24
Vancouver	cloudy	13
Venice	sun	14
Vienna	fair	10
Warsaw	fair	8
Washington	fair	17
Wellington	fair	16
Winnipeg	cloudy	-2
Zurich	sun	8

هكذا من الأصل

FINANCIAL TIMES
COMPANIES & MARKETS
Friday October 29 1993

INSIDE

France to privatise merged Renault/Volvo

The French government is aiming to privatise the merged Renault-Volvo vehicle group in the second half of next year, according to Mr Gérard Longuet, France's industry minister. Page 26

Groups object to their new FT-SE sectors

Dozens of companies have written to the FT-SE Actuaries Industry Classification Committee objecting to the sectors or sub-sectors they have been put in under the new classification system announced last month. *Among leading groups* which are understood to have asked for reconsideration are Rank Organisation, RTZ, Inchcape and BTR. Page 33

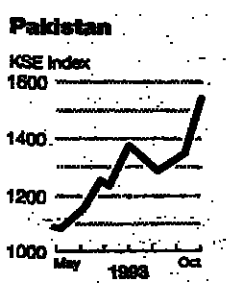
Mahogany to be seized

A Brazilian judge has declared that a shipload of mahogany half way across the Atlantic on its way to Britain may have been felled illegally and has ordered its immediate seizure. Page 34

Lift for US insurers

US property/casualty insurers continued to benefit from the absence of big catastrophe losses this year, helping both American International Group and USF&G report stronger earnings for the third quarter. Page 28

Premium on Pakistan parking



The Karachi Stock Exchange's KSE-100 index has made 13 gains in succession, and broken through 1,500 this week. "The KSE has suddenly become so crowded with investors in the last two to three weeks, that it has become even more difficult to find a parking spot than before" said one broker. Back Page

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				**Rises**			
Heidelb Zem	1290	+	30	Immobanque	949	+	39
Rheinelektra	1137	+	31	St Gobain	574	+	10
Schering	1065	+	22	**Falls**			
Zanders Feinpap	220	+	8	BSN	882	−	13
Falls				Docks de France	895	−	17
Asko	801	−	22	Elf Sanofi	998	−	22
Mannheim Vers	773	−	10	Sab SA	490	−	12
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Chrysler	55¾	+	1⅛	Daiwa Inds	1390	+	60
Eastman Kodak	63¾	+	5	Showa Mining	279	+	29
Ford	62	+	1¼	**Falls**			
Gen Motors	48⅛	+	1¼	Japan Steel	351	−	29
Xerox	75⅝	+	5	Navix Line	251	−	32
Falls				Nippon Yakin	490	−	36
Motorola	104⅛	−	1⅛	Toyo Tst & Bkg	1020	−	140

New York prices at 12.30.

LONDON (Pence)							
Rises				Rank Org	632	+	24
AAF	31	+	9	Warburg (SG)	913	+	23
Bensons Crisps	69	+	5	**Falls**			
Betterware	207	+	14	Ferranti Intl	1¼	−	2¼
ICI	718	+	13	Gerrard & Nat	489	−	36
Kershaw (A)	578	+	23	Honeysuckle	71	−	4
LIT Hld Pref	26	+	7	Iceland	175	−	9
Lloyds Chem	275	+	10	Sainsbury (J)	402	−	14
Mangan Bronze	114	+	17	Shiloh	151	−	10
Molyneux Est	65	+	4	Tiphook	113	−	5
Nu-Swift	370	+	20	Union Discount	164	−	10
PCT Group	150	+	16	Wellcome	712	−	61
Pittencrieff	400	+	26				
Pelton	154	+	13				

US carmaker's North American operations pick up but European market weakens

GM cuts net loss to $113m

By Martin Dickson in New York

GENERAL *Motors, which is* battling to return its US vehicle operations to profit, yesterday reported a $113m third quarter net loss after adding $950m pretax to reserves for its extensive North American plant closing programme.

The third quarter saw the *group significantly reduce its* losses in the North American vehicle market, though these remain heavy. Internationally, a strong performance in Latin America offset lower profits in the recession-hit European market.

The net loss, which worked through at 49 cents a share, compared with a loss of $1.1bn, or $1.86 a share, in the same period of 1992. Sales and revenues rose 2.4 per cent in the latest quarter to $30.2bn.

The latest results were affected by three special items. One was *the plant closings charge, which* GM announced on Monday, and which worked through at $589m after tax. Another was a $144m charge for costs relating to the new labour contract the company agreed with the United Auto Workers union over the weekend.

These $733m of charges were partly offset by the $444m positive effect of a change in the US corporate income tax rate.

GM's troubled North American automotive operations produced a net loss of $1.12bn, including special items, down from a loss of $1.88bn in the third quarter of *last* year.

The company's share of the US vehicle market fell from 33.5 per cent to 31.2 per cent, partly because of its policy of cutting back on sales to the unprofitable fleet rental market but also because of short supplies of sev*eral vehicles which cut the* group's planned output.

However, Mr Jack Smith, chairman, said GM still believed it could attain its target of break-even for North American operations in 1993, before interest, taxes and non-cash healthcare expenses.

International vehicle operations produced net income of $422m, up from $260m, and strong contributions also came from two of the group's three large non-automotive businesses: EDS, the computer services group, increased net income from $167m *to $192m, while GM Hughes*, in aircraft and electronics, rose from $143m to $224m.

General Motors Acceptance Corporation, its financial services arm, saw income fall from $297m to $205m, because of lower asset levels, tighter interest rate margins and less income from receivable sales.

The company confirmed that its unfunded pension liabilities were expected to soar from $14bn at the end of last year to around $24bn at the end of 1993.

Bidders line up for Hungarian telecoms

By Nicholas Denton in Budapest

FRANCE Telecom, the French state telecommunications utility, and US West, the regional Bell operating company, are forming a consortium to bid for a stake in Matav, Hungary's state telecommunications company.

The sale of the 30 per cent stake is expected to raise at least $420m, making it the biggest single privatisation in eastern Europe.

The two foreign companies have reached an agreement in principle and expect to seal the tie-up today, according to France Telecom.

The consortium, led by France Telecom, will challenge front-runner Deutsche Telekom, the state-owned German operator, *which has teamed up with Cable* and Wireless of the UK and Ameritech of the US.

Matav is the first state telecommunications utility to be sold in eastern Europe.

Preliminary bids are due on November 5 and contenders will have to make final offers in early December if the transaction is to be closed, as planned, by the end of the year.

Rivals of Telekom have held back because of a suspicion that the Hungarian government, which has close relations with Bonn, favours the German company.

Hungarian officials have stressed that the race is open, but Telekom recently missed winning one of two concessions to operate digital mobile telephone networks, and some observers detected official hints that the Matav stake would go to Telekom in compensation.

While the main battle appears to be between the French-led and German-led consortia, privatisation advisers point to interest from Nippon Telegraph and Telephone of Japan. Eight companies are participating in the due-diligence process.

France Telecom's consortium was to have included Stet, the Italian telecom company, but the parties could not agree on their relative weights.

The London-based European Bank for Reconstruction and Development is also set to take a stake in Matav, and the EBRD board last week committed Ecu52.7m ($46.3m) to purchase convertible preference shares. These will be exchanged for ordinary shares at the price of the winning bid in the main transaction.

Lean ICI reaps the benefit of cost cuts

By Richard Gourlay in London

ICI'S first quarterly results since the demerger of Zeneca in June revealed a sharp improvement in profits thanks largely to exchange gains following sterling's devaluation and cost-cutting that started three years ago.

Sir Denys Henderson, chairman of Britain's biggest chemicals company, welcomed the improvement but said prices *remained under pressure across* the business.

ICI's third-quarter pre-tax profit on continuing operations rose to £73m, up from £22m, on sales 19 per cent higher at £2.17bn. Profits for the nine months rose to £240m from £168m on sales up 13 per cent at £6.35bn.

Earnings per share in the quarter were 5.8p, compared with 0.5p, and 18.2p for the nine months, up from 11.7p.

Sir Denys said the group had benefited from more competitive exchange rates and the benefits *of rationalisation and cost-cut*ting that has included slimming the workforce 30 per cent since 1991.

ICI's shares rose 13p to 718p as the results came in above expectations. Some analysts, however, said they were concerned the market was taking too much recovery in product prices for granted in its assumption that profits by 1996 could be between £800m and £1bn.

There was also some concern at the extent of the currency effect, which could not be repeated next year, and ques*tions to what extent the group* would be able to continue squeezing savings through its so-called "self-help" cost cutting programme.

Mr Colin Short, finance director, said ICI had benefited from £80m of currency gains in the nine-month period but that £75m of that had been lost because of pricing pressures.

In the first nine months ICI had also made savings of £260m. The cost-cutting and rationalisation remained central to ICI's continuing profitability and the group would continue to push towards becoming the most efficient and lowest-cost producer.

Prices remained under pressure in all business sectors. The group was experiencing steady recovery in the US and difficult trading conditions in Europe.

Nine-month trading profits in paints fell after strong growth in *Asia Pacific was offset by North* America and Europe.

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Shares fall 11% as profits, dividend and cash mountain all grow

Worry over Wellcome's sales

By Tony Jackson in London

INVESTORS marked down shares in Wellcome, the UK-based international drugs group, by 11 per cent yesterday in response to a 46 per cent rise in pre-tax profits, a one-third rise in the dividend and £157m ($237m) rise in the cash mountain to £567m.

Analysts expressed concern about a sharp slowing in the underlying rate of sales growth. Wellcome's 20 per cent rise in sales was chiefly due to the devaluation of sterling. At constant exchange rates, the rise was *only* 7 per *cent, made up of* 11 per cent in the first half falling to 3 per cent in the second.

Mr James Culverwell, drugs analyst at broker Hoare Govett, said "the problem with all drug companies is you have to keep increasing the research and marketing expenditure, because that's the company's future. If your sales growth slips below 10 per cent, that starts to hit profit margins".

Mr John Robb, Wellcome's chief executive, said double-digit sales growth remained the company's target. This would now be *achieved partly by aggressive* price-cutting. "There is disappointment in the market about our sales level, and that has to be given our attention", he said.

"With our cash and margins position as strong as it is now, it's clearly right to focus on things like extracting maximum sales from existing drugs. Our attention is going much more to the top line and getting double-digit growth."

There was now much more sensitivity to price in all Wellcome's major markets, he said. "We need to do more on price competition. There may be a neutral effect on profitability if you get more volume. We are in a financial position now to get our factories working at a higher level than before, and we'll use price as one way of doing that."

Wellcome gave as example a neuro-muscular blocking agent called Nuromax, where in response to poor US sales it had cut its price in recent months by more than half. As a result, it hoped to more than double sales volume.

Mr Robb said "historically, pharmaceutical companies would discover and develop a drug, then go in with the highest price and hope that by the time the patent had expired, you would have come up with something else. That game is over."

He said some of Wellcome's cash mountain might be spent on collaborative deals with other companies, the aim being to extend the range of Wellcome's products across more therapeutic classes. "The fact that we have a cash pile gives us flexibility."

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Details, Page 31


Ashley Ashwood
John Robb: "There is disappointment about our sales level, and that has to be given our attention"

Weinstock reveals GEC share bid for Ferranti

By Tony Jackson in London

LORD WEINSTOCK extended his grip of the UK defence industry yesterday with confirmation that his company, GEC, is the mystery bidder for Ferranti International. The agreed offer will cost GEC a minimum of £110m ($166m), of which £10m will go to Ferranti's shareholders and the rest to its banks.

The Ferranti board defended the token 1p per share bid on the grounds that the company had no alternative. Mr Eugene Anderson, chairman, said a large prospective deal with Bahrain, the *so-called* Delmon Eye contract, had run into delays. "When it became clear the order wasn't coming in within days or weeks, it was a question of doing a *deal like this or calling in the* receivers," he said.

Mr Anderson said he had been talking to Lord Weinstock about deals for at least a year.

GEC would not specify how much of Ferranti it intended to keep, beyond saying it was interested in its systems for naval combat and air defence, and its sonar and simulator business. It dismissed speculation that it would gain access to Ferranti's £100m pension fund surplus.

The bid might depend upon GEC gaining 90 per cent of the shares, then *it could compulso*rily buy the rest.

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Tiphook bondholders await outcome of bankers talks

By Andrew Bolger in London

TIPHOOK, the UK container leasing and transport rental group, is facing a key decision regarding its US bondholders, some of whom are threatening to sue the loss-making group.

The company, which is trying renegotiate new covenants with its bankers, is due on Monday to pay interest payments on two tranches of unsecured debt, worth a total of $350m, which Tiphook issued in the US within the past year.

Tiphook yesterday declined to confirm or deny that the interest payments would be made. Meetings are still being held with the group's bankers, who now have an update on Tiphook's finances prepared by Coopers & Lybrand, the group's auditors.

Bond market specialists said Tiphook could take advantage of a "30-day grace" period allowed for payment in the US, but any decision will be closely scrutinised for clues as to how the group will be refinanced.

US bondholders, who have lent Tiphook $700m in the past year, fear that any restructuring dictated by the banks could be at the bondholders' expense.

It is understood that the talks with Tiphook's bankers, led by NatWest, are "moving along" and the aim is to reschedule debt and keep the present financing structure intact, suggesting the interest payments will be met.

Tiphook did pay the interest due on another $350m tranche of US debt issued in March. The payment was made on September 15, but that was before the company warned this month it would breach its bank covenants.

Lehman Bros, the US securities house, declined to comment on rumours that might sue Tiphook. Lehman acted as lead underwriter in March and April on separate Tiphook debt issues worth $550m.

Lehman is likely to face litigation from US funds, who saw the Tiphook debt downgraded to so-called junk-bond status within months of their issue.

In a statement last night, it said: "Lehman Brothers made markets in the securities until October 5, when it became restricted from engaging in any secondary market-making activity. Since that time, Lehman Brothers has been acting only in capacity as agent. Lehman Brothers is certainly aware of the situation at Tiphook and is closely monitoring developments at the company."

Lehman declined to elaborate on why it had become restricted from trading in Tiphook's bonds.

Axa posts modest gain to FFr831m

By Alice Rawsthorn in Paris

AXA, the second largest French insurance group, mustered a modest increase in net profits to FFr831m ($146.8m) in the first half of this year from FFr813m in the same period of 1992, and confirmed that it was on course for profits growth in the full financial year.

"We think that our results for 1993 should be slightly better than the figures for 1992," said Mr Claude Bebéar, chairman, who also forecast an improved performance in the second half from Equitable, the US insurer in which Axa holds a 49 per cent stake.

Axa last year saw net profits fall sharply to FFr1.5bn from FFr2.4bn in 1991, because of the sluggish state of the French insurance market and a disappointing performance from Equitable. The French group earlier this year staged a FFr3.65bn convertible bond issue to strengthen Equitable's capital position.

However, Mr Bebéar said that the outlook for Equitable was improving.

The US associate contributed FFr430m to Axa's net profits during the first half, due to a robust performance from its financial services operation and reduced losses from its insurance interests.

Equitable also contributed FFr27.4bn to Axa's turnover during the first half, thereby fuelling an overall increase in turnover of 85 per cent to FFr64.8bn.

Mr Bebéar said that Equitable represented 42 per cent of the group's activity. "We're turning into a company that's more American than French," he said.

Axa, like other French insurers, has been affected by the pressures of the recession, although the competitive strains on the market are now easing.

Insurance profits slipped to FFr724m from FFr895m, but the group benefited from brisk growth in financial services, due to Equitable, with net profits rising to FFr636m from FFr289m.

Mr Bebéar confirmed that Axa might be interested in GMF, the French mutual insurance group, in order to expand its motor insurance business.

However, he said that "right now Axa doesn't have a plan of action regarding GMF", and that the two companies were not even in negotiations.

Alcazar partners deny talk of collapse

By Ian Rodger

THREE of the four European airlines aiming to merge their operations in the so-called Alcazar project dismissed speculation that their negotiations were collapsing.

A fresh round of talks would be held next week, an Austrian Airlines spokesman said. Swissair and KLM Royal Dutch Airlines said they expected to reach a conclusion in the next few weeks.

Press speculation in Holland, Scandinavia and Switzerland about a collapse of the talks sent shares of KLM and Austrian tumbling 3 per cent yesterday, while Swissair registered shares eased SFr6 to SFr694.

The partners had aimed to complete the negotiations, which began earlier this year, by mid-September. However, it proved more difficult than expected to resolve key issues, such as the relative valuations of the airlines and the selection of directors and a headquarters location.

One of the toughest issues has been the selection of a US partner. KLM wants Northwest Airlines, in which it has a 20 per cent stake, while Swissair is arguing for Delta, with which it has a co-operation agreement.

On Tuesday, Mr Paul Reutlinger, marketing director of Swissair, said Northwest was not a satisfactory partner, partly because of its financial weakness and partly because it has only two hubs in the continental US.

"Swissair would not want to get into bed with a sickly partner," Mr Reutlinger said at a travel industry fair in Montreux. "If Alcazar is to become a worldwide carrier, the choice of a US partner must fall on Delta," he added.

A Swissair spokesman said these remarks did not mean that Swissair would pull out of Alcazar if Delta was not selected. "It only implies that we prefer Delta. We are still negotiating on a US partner."

The spokesman denied reports that Germany's Lufthansa had made an offer of co-operation to Swissair.

He also played down Scandinavian reports indicating that Scandinavian Airline System, the fourth partner in Alcazar, was losing interest in the project. He attributed them partly to stresses arising from SAS's latest rationalisation plans.

Finland poised to take 14.8% of KOP

THE FINNISH government is set to take a 14.8 per cent stake in Kansallis-Osake-Pankki (KOP), the country's leading commercial bank, after receiving shares worth FM1bn from the bank. This is part-payment for its purchase of a share in the business of the Savings Bank of Finland (SBF), writes Christopher Brown-Humes.

KOP plans to issue 77m new shares worth FM13 each to the government guarantee fund, which is selling SBF to four Finnish banks.

The bank will pay a further FM400m ($69.6m) in cash to the government for its share of SBF's assets. It is poised to take over 135 SBF branches and FM12bn of deposits.

The issue will raise KOP's share capital from FM4.42bn to FM5.19bn. The government has undertaken not to sell its shares before March 23 1994.

NEWS IN BRIEF

■ SHAREHOLDERS in Mediobanca, the Milan merchant bank, yesterday approved a L1,020bn ($625m) capital increase to provide for the forthcoming wave of privatisations in Italy and to cover portfolio write-downs as a result of recession and the Ferruzzi-Montedison collapse, writes Robert Graham in Rome.

There had been speculation that the three banks controlled by Iri, the state holding company – Credito Italiano, Banca Commerciale Italiano (BCI) and Banca di Roma – would use their combined 25 per cent stake to delay the move.

■ GROUPE AG, the Belgian insurance company, is to raise BFr7.5bn ($208m) in a rights issue to pay for part of its planned acquisition of ASLK-CGER, the Belgian state-owned savings and insurance group, writes Ronald van de Krol in Amsterdam.

The BFr34.9bn acquisition is being made by AG and by Amev, the Dutch insurance company, through their jointly-owned vehicle, the Fortis financial services group.

AG had said that it may make a share issue as part of the financing package.

Amev will also contribute BFr7.5bn to the acquisition, with the remainder of the financing to be met by companies within the Fortis group. Some of these funds were generated by recent divestments of stakes held in Générale Bank and Banque Bruxelles Lambert of Belgium.

■ DSM, the Dutch chemicals group, swung into a net loss of Fl 52m ($28m) in the third quarter of 1993 from a net profit of Fl 53m in the previous year, underlining the continuing difficulties it faces in weak European markets, writes Ronald van de Krol.

The company cautioned that it also expected to post a loss for the fourth quarter.

The third-quarter figures take DSM's results for the first nine months of the year to a net loss of Fl 42m from a net profit of Fl 263m in the same period of 1992.

Austria to sell part of holding in bank

By Ian Rodger in Zurich

CREDITANSTALT-Bankverein, Austria's second largest bank, said the Austrian government has agreed to sell a large portion of its controlling shareholding next year.

The bank would like the placing, which could be worth up to Sch6bn ($500m), to be spread widely among both domestic and international investors.

The government holds 49 per cent of the equity, but 70.5 per cent of the voting power.

Mr Guido Schmidt-Chiari, chief executive, said that timing would depend on market conditions, but the issue would probably come shortly after the bank reports its 1993 results in late April or early May.

The bank reported third quarter pre-tax profits up 47 per cent to Sch1.38bn and forecast "substantially improved" results for the full year.

The Creditanstalt preferred share has been among the most active and buoyant on the Vienna Börse this year, and the group is now capitalised at about Sch34bn.

Mr Ferdinand Lacina, the finance minister, has made clear that the government is eager to fully privatise the bank. But he wants at least one large shareholder to take the government's place.

Last year, Mr Lacina held negotiations with General Electric of the US, and earlier this year an abortive attempt was made to merge the bank with Austria's Raiffeisen co-operative banking group.

If no such strong shareholder is found, the government may retain enough shares after the placing to keep its voting control.

For the nine months, pre-tax profits were up 64.2 per cent to Sch3.7bn, but the bank warned that its results in the first half of last year were extremely depressed. Total assets at the end of September stood at Sch530.6bn, down 4 per cent since the end of June.

Provisions for bad loans would again be high, but not as high as last year's Sch5.66bn.

France aiming for Renault privatisation next year

By John Ridding in Paris and Christopher Brown-Humes in Stockholm

THE FRENCH government is aiming to privatise the merged Renault-Volvo vehicle group in the second half of next year, according to Mr Gérard Longuet, France's industry minister.

Mr Longuet's statement, in an interview in yesterday's Dagens Industri, a Swedish financial daily, appeared to be aimed at reassuring Volvo shareholders and union members who have voiced concerns about the merger and the fact that there is no firm date for privatisation.

"The intention of the French government is not to 'nationalise' Volvo but to privatise the new group as quickly as possible," Mr Longuet said. "If the situation in the automobile industry stabilises then we have as our objective privatisation in the second half of 1994."

But he added that the merger between the French and Swedish car groups must be implemented, as scheduled, from the beginning of next year for privatisation to go ahead.

FOND 92-94, one of Volvo's prominent institutional shareholders, said yesterday that it would vote against the planned merger of the company's car and truck operations with Renault, Christopher Brown-Humes writes.

Its board decided unanimously that the merger should not take place before Renault had been privatised and had gained a market value.

Fond 92-94 has 2.5 per cent of the votes in Volvo and 2.8 per cent of the capital. It is the first institution to declare its position since Volvo published its merger prospectus earlier this week. Its decision was not unexpected because of tensions between the fund's management and the Volvo board.

The merger agreement, concluded at the beginning of last month, has faced strong opposition from small shareholders in Sweden, some union members and much of the Swedish press. Their main criticisms are that the privatisation schedule is too vague and that the valuations, which have given the state-controlled French car group 65 per cent of the shares and Volvo 35 per cent of the combined company, are unclear.

Earlier this week, 900 Volvo engineers called for the merger to be postponed until the combined group is privatised. A committee representing 5,000 white-collar workers has also decided to vote against the deal at the company's extraordinary general meeting on November 9.

Mr Carl Bildt, the Swedish prime minister, has said there is an "urgent need" for the merged group to be privatised.

French industry ministry officials also clarified the terms of the "golden share" to be retained by the French government after privatisation.

The officials said that even in the event of a rupture in the shareholder agreement between the two groups and the failure to privatise the group, the French government could not use its golden share to force Volvo to reduce its shareholding.

Volvo could, however, lose voting rights on shareholdings above 20 per cent of the group.

Rhône-Poulenc plans to cut dividend payment for 1993

By John Ridding

RHONE-Poulenc, the French chemicals and pharmaceuticals group which is due to be privatised within the next few weeks, plans to cut its dividend for 1993 and adopt a more conservative dividend policy over the medium term.

The company said that the percentage cut in the dividend for this year, to be paid in 1994, is not expected to exceed the percentage decline in net profits.

In an announcement last Sunday, Rhône-Poulenc indicated that net profits for 1993 would be about 30 per cent lower than the FFr1.52bn ($258m) achieved in 1992.

Analysts in Paris forecast that the dividend for 1993 would be between FFr2 and FFr2.5, compared with the FFr3 per share paid last year, accounting for a split of each share into four.

In the medium term, Rhône-Poulenc said its objective would be to reduce its dividends to between 30 per cent and 35 per cent of earnings per share.

Market observers said they did not expect yesterday's announcement to affect the privatisation issue. "It is bad news, but we were expecting it" said Mr Vincent Bazi, head of research at Barings Securities in Paris.

Mr Bazi said that Rhône-Poulenc was trying to present all its problems before privatisation to avoid surprises and to bring the share price down to a more attractive level for investors. Yesterday, shares in the group fell FFr4 to FFr152.

Mr Jean-René Fourtou, the company's chairman, has said that the Paris stock market has risen faster than warranted by the outlook for corporate earnings.

Rhône-Poulenc is facing what Mr Fourtou has described as the most difficult chemicals market since the second world war and depressed demand for fibres and polymers.

The Rhône-Poulenc issue, which is expected to raise between FFr15bn and FFr16bn, is aimed principally at individual investors. Of the 79.3m shares to be sold, 47.6m will go to a public share offering for French and EC citizens and there will be a placement of 31.7m shares for French and international institutional investors.

BCE drops 57% on poor results at telecom unit

By Robert Gibbens in Montreal

BCE, Canada's biggest company, suffered a 57 per cent drop in third-quarter profit because of poor results at Bell Canada, its fully-owned telecommunications subsidiary and at Northern Telecom, the equipment affiliate.

BCE said NT's recovery was under way and Bell Canada's results would improve next year as a result of broad restructuring and cuts in capital spending.

Intense competition in the long-distance sector reduced Bell Canada's earnings. Another factor was the federal regulator's decision to refuse its request for higher local rates.

Traditionally, long distance traffic has subsidised local services, but deregulation of long distance services and the entry of Unitel and numerous resellers into the market has changed this.

BCE's third-quarter profit was C$128m ($98.5m) or 42 cents a share, down from C$294m or 96 cents a year earlier, on revenues steady at C$5bn.

At the nine-month stage the groups suffered a loss of C$218m or 71 cents a share, against a profit of C$790m or C$2.56, on little changed at almost C$15bn.

The latest period included BCE's share of nearly C$1bn of NT special charges. Excluding these, BCE earned C$1.33 a share.

Bell Canada contributed 66 cents per BCE share in the third quarter and C$1.73 in the nine months, down from C$2.33 a year earlier.

Local business is growing in volume, with more network access services but more revenue is being lost to competitors. In addition, depreciation was higher in the nine months.

NT made a negative contribution of 7 cents per BCE share in the third quarter and C$2.14 in the nine months, compared with a positive contribution of 58 cents per BCE share a year earlier. NT's margins contracted and it took heavy restructuring charges.

Mobile communications improved as did international telecommunications. But Montreal Trust made a negative contribution. It posted a nine-months loss of C$32.6m or 79 cents a share after further provisions for doubtful property loans.

BCE is trying to sell this unit and tackle the problem of BF Realty, its insolvent property unit.

Statoil rises to NKr2.9bn despite weaker oil price

By Karen Fossli in Oslo

STATOIL, the Norwegian state oil company, yesterday reported a rise in nine-month net profit to NKr2.9bn ($414m) from NKr2.4bn in the same period last year, in spite of lower crude oil prices and a decline in crude oil production.

The group forecast lower operating profits for the fourth quarter, on the basis of oil prices, and warned of uncertainties over the balance of the oil market and price trends, particularly for crude oil.

Nevertheless, its revenue rose by NKr2.2bn to NKr63.3bn in the first three quarters of this year while operating profit remained unchanged at NKr9.9bn.

Statoil said Brent Blend reference crude secured an average price of $17.64 per barrel in the first nine months of this year, down from $19.36 for the same period last year. Crude oil availability fell to an average 406m barrels a day in the first nine months of this year from an average 416m last year.

The third quarter was affected by declining oil prices and continued low prices for petrochemical products, but net profit increased to NKr1.1bn from NKr592m as revenue rose slightly to NKr20.8bn.

For the group's individual business units, exploration and production lifted nine-month operating profit by NKr600m to NKr7.2bn, helped by higher oil prices in domestic currency terms – NKr124 a barrel versus NKr119 – and lower operating costs.

The natural gas division suffered a decline of NKr500m in operating profit to NKr2.4bn in the nine-month period, due to lower revenue from gas transport operations.

Refining and marketing lifted operating profit by NKr200m to NKr772m, helped by higher margins at the Mongstad refinery, improved operations and better results from marine transport operations.

Petrochemicals and plastics saw operating losses increase by NKr127m to NKr405m due to a charge of NKr196m against accounts to cover winding-up costs of a major methytertiary butyl ether (MTBE) project which the group shelved.

Statoil said that excluding the charge, the unit's result was improved by better margins and lower costs.

Elkem turnround at nine months

By Karen Fossli

ELKEM, the Norwegian light metals producer, yesterday disclosed a nine-month pre-tax profit of NKr64m ($9.1m), against a less of NKr307m last year. It was helped by cost reductions, a decline in domestic energy taxes, favourable currency exchange rates and slightly higher sales volumes.

The company said it was holding debt restructuring negotiations which are expected to be completed by the end of autumn.

Group net sales rose by NKr285m to NKr5.72bn as operating profit shot up to NKr282m from NKr40m last year. Operating costs increased slightly by NKr63m to NKr5.23bn.

Elkem reduced nine-month net financial expenses by NKr46m to NKr217m, including a decline of NKr68m in net interest costs to NKr242m. "The fall in interest expenses is mainly due to a reduction in net debt," which fell to NKr3.4bn at end-September from NKr4.5bn at the end of 1992, Elkem said.

It said agreement in principle had been reached with its banks to restructure the group debt which falls due at the end of this year and 1994.

The restructuring proposal calls for four syndicated credit facilities – which mature during December 1993 to December 1994 – to be consolidated into one facility of about $275m to be repaid during a four-year period from 1994.

Elkem's prospects will be affected by the lack of growth in demand for metals and alloys. "There are no signs yet of a significant improvement in the world economy," it said.

While anti-dumping measures and structural changes contributed to a slight increase in prices for ferrosilicon and ferromanganese during the second half of this year, prices for aluminium, silicon metal and ferrochrome declined, the company added.

Sharp gains at Norwegian insurer

By Karen Fossli

VITAL Forsikring, one of Norway's top three insurers, yesterday announced a sharp rise in nine-month value-adjusted pre-tax profit to NKr3.13bn ($447m) from NKr22m in the same period last year.

The group's free shares rose by NKr4 to NKr90 on the Oslo bourse on the news as the A-shares added NKr1.50 to NKr70.50. Vital attributed the advance to a 16.5 per cent increase in premium income and gains on securities.

Premium income in the first nine months of this year rose by NKr327m to NKr3.64bn as gross financial income shot up by NKr2.02bn to NKr3.64bn, of which NKr1.27bn was due to securities gains. By the end of last month, the value of the group's securities portfolio had increased by NKr2.09bn to NKr2.67bn. Insurance payments rose by NKr109m to NKr1.52bn as operating expenses increased by NKr14m to NKr413m.

"Private market sales were fairly static until the end of summer, but the September figures show an increasing awareness among the public of the need for financial security and a good return on savings," said Mr Bjoern Elvestad, president.

He added that Vital's performance this year had strengthened the group's capital base. Group assets increased to NKr40.01bn from NKr34.08bn. Of total assets, bonds accounted for 44.9 per cent, loans 33.9 per cent, equities 9.3 per cent and real estate 4.2 per cent. Vital's capital adequacy ratio was put at 9.2 per cent of risk-weighted assets.

● Dyno Industrier, the Norwegian chemicals, explosives and plastics group, said nine-month pretax profits improved to NKr234m from NKr133m in the same period last year, helped by securities gains and low interest rates.

Group revenue rose by NKr49m to NKr6.07bn due to a stronger dollar and the addition of businesses since last year.

Operating profit dipped by NKr17m to NKr298m as financial income increased by NKr45m to NKr168m. Dyno cut financial expenses by NKr59m to NKr245m as operating expenses rose by NKr442m to NKr5.38bn.

Canada forest group reduces first-half loss

By Robert Gibbens in Montreal

FLETCHER Challenge Canada, the integrated forest products group, reduced losses in the first quarter of fiscal 1994. The company, controlled by Fletcher Challenge of New Zealand, was helped by higher timber and coated paper prices, increased pulp and newsprint shipments and a lower Canadian dollar.

For the three months to September 30, the company posted a loss of C$12.9m (US$9.9m) or 11 cents a share, against a deficit of C$18.8m or 24 cents, on sales ahead to C$378m from C$207m last time. The rise in sales came partly from inclusion of the Elk Falls pulp and paper operation acquired last February.

FCC, which had a small profit in the June quarter, is putting most of its wood products and logging operations into a new company, TimberWest. It will then sell 49 per cent of the company to the public.

The group said industry-wide shutdowns appear to have stabilised pulp prices and there might be an improvement in 1994.

Shiseido gains despite mid-term fall in sales

By Emiko Terazono in Tokyo

SHISEIDO, Japan's largest cosmetics company, reported a fall in sales for the first six months to September due to the decline in consumer confidence, but managed to post a marginal rise in profits thanks to cost reductions.

Non-consolidated pre-tax profits for the six months to September rose 1.8 per cent to Y15.7bn ($148m) on a 0.6 per cent fall in sales to Y199.8bn. After-tax profits rose 1.8 per cent to Y7.7bn.

Sales of cosmetics remained flat at Y138.6bn, while toiletries declined 3.2 per cent to Y48.1bn. The company said higher overseas procurement of ingredients and materials due to the high yen, contributed to profits.

For the year to March, Shiseido expected pre-tax profits of Y32.5bn on sales of Y401bn and after-tax profits of Y15.3bn.

Thai petrochemical sale

By Victor Mallet in Bangkok

NATIONAL Petrochemical Corp, the Thai olefins producer, is planning to raise some $64m by offering a 22.5 per cent stake in the company in the latest initial public offering to be floated on the Stock Exchange of Thailand.

Barclays de Zoete Wedd (Asia), lead manager, said yesterday that NPC would offer 70m new shares, of which between 27.5m and 31m would go to foreign investors, bringing the total number of shares to 310m.

NPC produces ethylene and propylene, used as feedstock for the plastics industry, at its upstream petrochemicals complex in Rayong on Thailand's eastern seaboard. The offer price has not yet been set but stockbrokers in Bangkok say the company plans to raise Bt1.5bn ($59.3m) to Bt1.7bn to finance expansion of its plant.

The state Petroleum Authority of Thailand owns 49 per cent of the company, with the rest held by local investors.

Mexico glass maker steady in third period

By Damian Fraser in Mexico City

VITRO, Mexico's dominant glass maker, reported consolidated net profits of $546m new pesos ($175m) in the first nine months of the year, an increase in real terms of just under 1 per cent over the same period last year.

The company's results continued to be affected by Mexico's high real interest rates, sluggish demand for glass products and the appreciation of the peso in real terms against the US dollar.

More than half of Vitro's earnings are denominated in US dollars.

Vitro's operating income rose to 931m pesos, a 5.5 per cent real increase over the same period last year. Sales reached 8,235m pesos, a 2.7 per cent gain.

Exports continued to be a bright spot, climbing to $326m, a 13.4 per cent increase in dollar terms.

Vitro said it reduced its workforce to 41,040 people from 47,913 at the end of the third quarter last year.

Cost-cutting helps recovery at UAL and Delta

By Karen Zagor in New York

THE BENEFITS of cost-cutting measures were reflected in the earnings of United Airlines and Delta Airlines, two of the biggest US carriers, which posted sharply higher profits for the three months to September 30.

UAL, the parent company of United Airlines, posted third-quarter net income of $149m, or $5.74 a primary share. Excluding extraordinary items, it earned $159m, or $6.16, in the latest quarter. This compares with earnings of $6m, or 27 cents, in the same period of 1992.

Mr Stephen Wolf, chairman and chief executive, attributed the improved performance to the company's stringent cost-controlling measures, and to stronger revenues on its longer haul routes.

United's shorter haul operations faced intense competition from low-cost competitors, and produced a loss in the quarter.

"Despite the third-quarter profits, we will report a loss in the fourth quarter and for the year as a whole," Mr Wolf said.

UAL's operating income soared to $281m in the quarter, from $49m a year earlier. Operating revenues were 11.6 per cent higher at $3.99bn, while operating expenses rose 5.2 per cent to $3.71bn.

Delta also attributed its improved performance to efforts to reduce expenses.

The company recorded net income of $60.4m, or 65 cents, for its fiscal first quarter, compared with a net loss of $125.2m, or $3.07, last year. Including accounting charges, last year's reported net loss was $712.3m, or $14.88.

Delta's operating income for the latest quarter was $121.5m before accounting changes, against an operating loss of $194.7m a year earlier.

The airline's operating expenses dropped 5 per cent in the quarter, while revenue per available seat miles improved 3 per cent.

Mr Ronald Allen, Delta's chairman and chief operating officer said: "We can celebrate the improvement but we can't relax. The profit we reported today is heartening because it shows we're on the right track, but it is inadequate by almost any other standard."

Argentina rejects call to help Aerolíneas

By John Barham in Buenos Aires

ARGENTINA has rejected demands by Iberia, Spain's national airline, that it inject $215m into loss-making Aerolíneas Argentinas, the privatised carrier operated by Iberia.

Mr Domingo Cavallo, economy minister, said: "The state will not make any capital contribution to Aerolineas." He told Iberia it should seek the $500m in fresh capital it needs from Aerolineas's private shareholders. Argentina's government still owns one third of Aerolíneas.

The company lost over $200m in the financial year ending in June, against $80m in 1992, contributing heavily to Iberia's severe losses this year. Aerolíneas said it needed new funds to make good losses and finance acquisition of new aircraft, as required under its November 1990 privatisation contract.

However, Argentina's transport department said yesterday that "if the company has financial problems it should go bankrupt like any other company".

It added that if Aerolíneas failed to comply with its privatisation contract, the government would call in bank guarantees backing the investment plan.

Iberia owns 30 per cent of Aerolíneas and the Argentine government 33 per cent. Minority shareholders include two Spanish banks and several small local investors. Employees own 10 per cent of the company, although this stake is held in trust by the government.

The confrontation between Iberia and Mr Cavallo is the latest in a long battle over Aerolíneas that began with its privatisation three years ago, when the Iberia-led consortium paid $1.87bn in a cash and debt for equity swap for 85 per cent of the airline.

Indupa seeks protection

By John Barham

ONE of Argentina's leading chemical companies has filed for protection from bank creditors. It owes them $450m.

Indupa made the announcement after it decided not to sign a debt rescheduling package with banks led by Banque Nationale de Paris and Banco Roberts, a local bank 30 per cent owned by Midland Bank.

The company's problems are blamed on poor management, high operating costs and low prices for its bulk chemical commodities. Sales in the financial year to June fell by one third to $64.3m and its net loss rose slightly to $79.9m.

Argentine law offers troubled companies privileges similar to those under Chapter 11 of the US bankruptcy law. The Argentine code stipulates no term for debt repayment, but is under revision by the government.

One banker said: "Indupa negotiated a rescheduling but then decided it was unable to sign when it realised that a 5 per cent fall in prices would cost it $9m a year in cashflow."

Indupa shares have fallen by over a quarter since Wednesday.

Ericsson a political outsider, says chief

By Hugh Carnegy in Stockholm

MR LARS Ramqvist, chief executive of Ericsson, said yesterday the Swedish telecommunications group was losing orders around the world because it lacked the political connections of its American, Japanese and European rivals.

"We could easily double our revenues today if we had the same political and financial muscle as our competitors," he said.

He said Ericsson, which holds about 40 per cent of the world mobile telephone market, was having to spend about $2bn a year, or 22 per cent of its sales, on research and development to keep up with fast-changing telecommunications technologies and markets.

"Frankly, 22 per cent is too high a number," he said. "We are gambling that we can expand the business enough to keep spending levels where they are."

Ericsson has grown rapidly this year on the back of soaring mobile telephone sales. It says it will double 1992 profits of SKr1.3bn ($160m). Its share price has risen from SKr186 at the end of 1992 to more than SKr440, greatly strengthening the group's financial position.

Ericsson also swallows more than half of Sweden's export credit support. However, Mr Ramqvist warned that this was dwarfed by the financial and political support its rivals had access to.

He said Ericsson emerged recently as the lowest bidder for a large public fixed-telephone system in Saudi Arabia. Its bid of $1.7bn was below those of AT&T of the US, Northern Telecom of Canada, Germany's Siemens, and Alcatel of France.

However, Mr Ramqvist said other factors such as political influence could swing the contract away from Ericsson.

He complained that outsiders still did not have free access in many markets, and were at a disadvantage in deals such as the Saudi contract, which involved heavy offset conditions. Agreement in the Uruguay Round of talks within the General Agreement on Tariffs and Trade was essential to Ericsson.

Seagram raises Time Warner stake to 6.8%

By Robert Gibbens in Montreal

SEAGRAM, one of the world's top four drinks groups, has raised its stake in Time Warner, the entertainment group, to 6.8 per cent from 5.7 per cent.

The 4.6m additional Time Warner shares acquired cost Seagram about US$195m, analysts said, bringing the total cost of its investment to nearly US$900m.

Time Warner stock has risen from US$38 in June to about US$44 a share this week.

Mr Edgar Bronfman, senior chairman, said Seagram would invest about US$2bn for 15 per cent in Time Warner.

US insurers lifted by absence of catastrophes

By Richard Waters in New York

US property/casualty insurers continued to benefit from the absence of big catastrophe losses this year, helping both American International Group and USF&G report stronger earnings for the third quarter.

However, the absence of devastating claims, such as those a year ago stemming from hurricane Andrew in the US, has prompted fears in some quarters that catastrophe insurance premiums are set to fall again next year.

Catastrophe losses at AIG amounted to $47.3m, compared with $153.3m a year before. The turnround helped the insurer to report third-quarter net income of $451.1m or 1.42 a share, compared with $338.9m or $1.06 a year ago.

USF&G, in figures released on Tuesday, said property/casualty operating profits had improved by $93m over a year before, with the 1992 figure depressed by losses from hurricane Andrew. The insurer said net income had risen to $20m in the latest period, from $5m.

Mr Maurice Greenberg, AIG's chairman, said catastrophe losses during the third quarter stemmed mainly from flooding in the Midwest, the earthquake in Guam and typhoons in Japan.

AIG has taken steps to "reduce catastrophe exposures throughout our business and further tighten our underwriting standards," he said.

Higher reinsurance premiums for catastrophe business have attracted about $4bn of new capital into Bermuda-based companies this year.

However, Mr Greenberg said: "Even with this additional capacity, prices for catastrophe reinsurance should remain stable." He said that one year's claims experience would not be enough on its own to drive down premiums.

However, other industry executives say the improved performance will make it difficult for insurers to maintain catastrophe insurance premiums at current levels when negotiating rates for next year.

The insurers' results were bolstered by rising premiums in general property/casualty business. Mr Greenberg said premiums had firmed in many of AIG's overseas markets, and rates in property and specialty casualty classes had improved in the US.

Mr Norman Blake, chairman and chief executive of USF&G, said the improved underwriting environment had helped to lift profitability, "despite the industry-wide impact of lowered investment income due to interest rate reductions and higher reinsurance costs".

Pre-tax capital gains at AIG in the third quarter were $25.4m, compared with $26.8m a year before.

Leaving aside capital gains and catastrophe losses, pre-tax income rose by 13.7 per cent compared with a year earlier, the company said. Gross revenues climbed by 10 per cent to $5.12bn, as general insurance premiums rose by 10 per cent and life insurance premiums were up 18 per cent.

● AIG took a further $90m charge to cover an expected loss on investments at AIG Financial Products, its derivatives unit.

This follows a $120m charge in the previous quarter.

The company, which has been one of the most ambitious and successful derivatives businesses outside the banking industry, was rocked by the departure of its founder, Mr Howard Sosin, earlier this year, along with other senior managers.

Mr Greenberg said that most of the unit's core management group remained, and that the business was "going forward strongly".

Pre-tax operating income in AIG's financial services businesses fell to $98.7m, from $99.6m.

Fisher aims to give Kodak a sharper focus

Martin Dickson and Louise Kehoe report on the appointment at the photographic group

The board of Eastman Kodak, the troubled US photographic products company, has achieved a big coup in wooing Mr George Fisher, the head of electronics group Motorola, to be its new chairman.

For the 52-year-old Mr Fisher, whose appointment was announced late on Wednesday night, is one of the most highly regarded managers in the US.

He has overseen a period of remarkable growth at Motorola which has turned the company into a global leader in the cellular telephone and paging markets and the world's fourth biggest chip maker.

At Kodak, he replaces Mr Kay Whitmore, ousted because of the company's lacklustre financial performance.

His task will be to restore growth to a company facing mature markets and increasing competition for its film products, while groping for a strategy to cope with the global information revolution.

A short, articulate man with a modest manner and penchant for running five or six miles a day, he has been chief executive of Motorola since 1988 and chairman since 1990.

An engineer by background, with a doctorate in applied mathematics from Brown University, he began his career in research and development at American Telephone & Telegraph's Bell Laboratories, one of the world's foremost industrial R&D labs, and joined Motorola in 1976.

He is one of the leading US proponents of total quality management – the theory that businesses must concentrate on the highest quality in all aspects of their operations, and in meeting customer needs. Motorola is often held up as an example of the success that can be achieved through TQM.

He said yesterday that the fundamentals for success, be it at Motorola or Kodak, included "first and foremost, a focus on the customer, because they are the people who pay the bills... if you get that right, almost everything else follows."

Companies had to focus on cycle times – how quickly they did everything – and on leadership products: "products that customers want, not just products that technology can provide".

He is well known in Washington as the outgoing chairman of the private sector Council on Competitiveness, which has worked closely with the Clinton Administration in developing its industrial and trade policies.

His departure from Motorola shocked that company and the US electronics industry yesterday, prompting speculation over the reasons for his move. After all, he spurned IBM's advances earlier this year when the troubled computer company approached him about its chairmanship.

George Fisher: betting that Kodak is going to perform very well

Mr Fisher himself explained that he saw Kodak as an extension of what he had been doing at Motorola – helping a company accelerate the information revolution.

Motorola was doing a great job building the wireless infrastructure for this revolution and was on a tack he could see going forward successfully for many years.

Kodak gave him the chance to get into the content side of the revolution "and come out in five, 10, 15 years with a company as high growth and exciting as Motorola is today".

Some analysts felt that pay may have had much to do with his decision.

Mr Fisher played down this idea. However, he did acknowledge that Kodak would be paying him much more than Motorola, provided it performed well.

"I'm betting that Kodak is going to perform very well."

Analysts speculated that he might have been feeling pressure at Motorola to make room for Mr Christopher Galvin, 43, the senior vice-president and grandson of the company's founder.

He is widely expected to become chief executive – though not necessarily immediately following Mr Fisher.

Mr Gary Tooker, the company's president, is to take over as interim chief executive until the Motorola board decides on the succession.

Whatever the reasons for his departure, there is no doubting Mr Fisher's track record at Motorola.

He has presided over five consecutive years of rapid sales and earnings growth and the company's stock has appreciated at a compound rate of 26 per cent.

Still, much of the credit for Motorola's success is often given to Mr Fisher's predecessor, Mr Robert Galvin, the son of company founder Paul Galvin and a dominant presence at the company as chairman of the board's executive committee.

Unexpected advance at Xerox

By Karen Zagor in New York

XEROX, the US document processing group which has consistently disappointed Wall Street this year with its earnings performance, yesterday unveiled an unexpected improvement in third-quarter earnings.

The news spurred active trading in Xerox shares, which climbed $5 to $75¾ at mid-session.

Net income for the three months to September 30 rose 25 per cent to $150m, or $1.28 a primary share from $121m, or $1.07 the previous year. Revenues were flat at $3.59bn.

Income from the core document processing business included a one-time tax credit of $23m, or 22 cents which contributed to the unit's profits of $148m, or $1.26 in the quarter. In the same period of last year, Xerox earned $119m or $1.05 from document processing.

Stripping out the extraordinary gain, earnings from the business grew 6 per cent in the latest quarter.

Mr Paul Allaire, chairman and chief executive, said equipment sales increased in the third quarter after two quarters of decline. "The increased sales in part reflected benefits from the realignment of the US sales force earlier this year and recent black-and-white copier introductions," he said.

The disruption wrought by Xerox's unexpectedly lengthy reorganisation of its sales force contributed to the company's poor performance earlier this year.

Looking ahead, Mr Allaire expects earnings to remain under pressure from competitive pricing, a strong dollar and the economic environments in Europe and Brazil.

For the first nine months, earnings from document processing rose to $384m, including a one-time Brazilian tax credit of $17m, compared with $346m a year ago.

Net income for the first nine months was $451m or $4.01 a share. A year earlier, Xerox posted a loss of $284m, or $3.49 including a special charge of $764m for accounting changes. Revenues slipped to $10.42bn from $10.46bn.

Noranda pushed into red by weaker metal prices

By Bernard Simon in Toronto

WEAK metal and forest -products prices pushed Noranda, the Canadian resources group to a third-quarter loss.

The net loss was C$8m ($6.1m), or eight cents a share, compared with earnings of C$26m, or six cents, a year earlier. Revenues dipped to C$1.29bn from C$1.40bn.

The worst setback was in the mining and metals division, where last year's earnings of C$48m turned into a C$10m loss.

The forest products division posted earnings of C$10m, compared to breaking even last year. A strong performance in the building materials market was partly offset by a further fall in pulp prices. Noranda said it expected no improvement in the pulp, newsprint or commodity papers market until well into 1994.

Oil and gas earnings were virtually unchanged, with the stronger natural gas market making up for a slide in oil prices and volumes.

Noranda, controlled by the Toronto branch of the Bronfman family, earlier this year sold its 49 per cent stake in MacMillan Bloedel, the west coast forestry company.

Australian Air write-offs push Qantas into red

By Bruce Jacques in Sydney

QANTAS, Australia's state-controlled international airline, has slumped into the red in the June year following heavy write-offs associated with acquisition of the domestic carrier, Australian Airlines.

Qantas, in which British Airways last year acquired a 25 per cent interest, turned a A$147.6m (US$95.2m) pre-tax profit into a A$413.5m loss despite a revenue jump from A$4.02bn to A$5.81bn.

The chairman of Qantas, Mr Gary Pemberton, said yesterday the loss reflected abnormal provisions of A$446.4m (A$45m abnormal profit previously), of which A$282.3m related to Australian Airlines.

Before abnormals, earnings fell from A$102.6m to A$32.9m. The result, which included 10 months of Australian Airlines' operations, was after a jump from A$371.8m to A$446.7m in financing costs.

Mr Pemberton said Australian Airlines' domestic network added significant value to the group, but the write-offs represented the intangible assets associated with the merger and the loss of the Australian brand.

He said over time the Australian acquisition would prove to be a turning point for Qantas. "Although many opportunities for cost reductions from the integration of activities have been taken, it is clear that the single-minded pursuit of rationalisation can have broader implications for customer service and revenue earning capacity," he said.

"There is no question that the demands and distractions of the merger have provided a window of opportunity for Qantas' competitors."

Mr Pemberton said the partnership with British Airways had provided access to new markets and promised cost benefits for both companies.

He said the decision, earlier this year, by the Australian government to defer the proposed public flotation of its remaining shareholding in Qantas had afforded time to strengthen the group's financial performance.

The result excluded a A$36.7m tax credit, against a A$10m provision last time.

All Nippon Airways has first reverse in 10 years

By Emiko Terazono in Tokyo

A FALL in passengers in both international and domestic flights hit All Nippon Airways, a leading Japanese airline, which reported falls in interim sales and profits for the first time in 10 years.

Unconsolidated pre-tax profits for the first half plunged 62.5 per cent to Y6.5bn ($59.9m) while sales declined 4.8 per cent to Y404.4bn. After-tax profits dropped 80.8 per cent to Y1.3bn.

Domestic passengers fell 5.7 per cent to 16.6m while the number of passengers on international routes fell 4.4 per cent to 770,682.

Mr Kazuhiko Komiya, managing director, said the company would have fallen into the red if it had not reduced depreciation costs by extending the assumed life of an aircraft to 13 years from 10 years.

While the yen's appreciation against the dollar also supported ANA's profits by pushing down fuel costs, it also squeezed revenue from its international operations, forcing the company to suspend four international routes.

For the full year to March, the company expects a 62 per cent fall in pre-tax profits to Y6bn on a 3.2 per cent decline in sales to Y782bn.

ANA does not expect to make after-tax profits for the year, but said it will maintain its annual dividend of Y4 per share.

Foster's in A$99m flotation of Elders

By Bruce Jacques

ELDERS, the Australian rural group once central to the corporate empire of Mr John Elliott, is being refloated to the public through a A$99m (US$66m) offering.

The float, rumoured for some weeks, involves the sale for A$311m of the Elders business by Foster's Brewing group, the Australian beer-maker, to a new company, Elders Australia Ltd.

The new company will offer A$98.7m in shares at A$1 each, with up to 30 per cent of the float reserved for sale to Australian farmers through the Farmers Investment Trust. A further 15m Elders shares will be offered to existing Fosters' shareholders.

The transaction continues the sale of surplus assets by Fosters', now controlled by BHP, the Australian resources group. Fosters' chief executive officer, Mr Ted Kunkel, said yesterday the sale price represented a book loss of about A$10m, but this had already been provisioned.

The sale price involves A$89m for the main Elders pastoral business, including wool-broking and livestock marketing, and a further A$222m for the company's rural loan book.

Mr Kunkel said proceeds from the sale would be used to reduce Foster's debt, which fell from A$4.1bn to A$2.6bn in the latest June year. The sale excludes Elders' 45 per cent stake in Australian Meat Holdings, one of the country's biggest meat groups.

FT in Taiwan

The Financial Times has signed an information co-operation agreement with the China Times Group of Taiwan. Under it, all newspapers in the China Times group will have access to editorial material from the FT. The agreement, the first between the FT and a newspaper group in Taiwan, was formally signed at a ceremony in Taipei yesterday.

Profits dive at Hitachi, NEC and Toshiba

By Michiyo Nakamoto in Tokyo

Electronics

For Japan's comprehensive electronics companies, the first six months of fiscal 1993 were a race to cut costs and restructure their operations in a desperate bid to beat both the adverse impact of a surge in the yen's value and severe economic conditions at home.

The results announced yesterday for the period revealed that their efforts have not yet filtered through enough to combat the severe deterioration in their business environment.

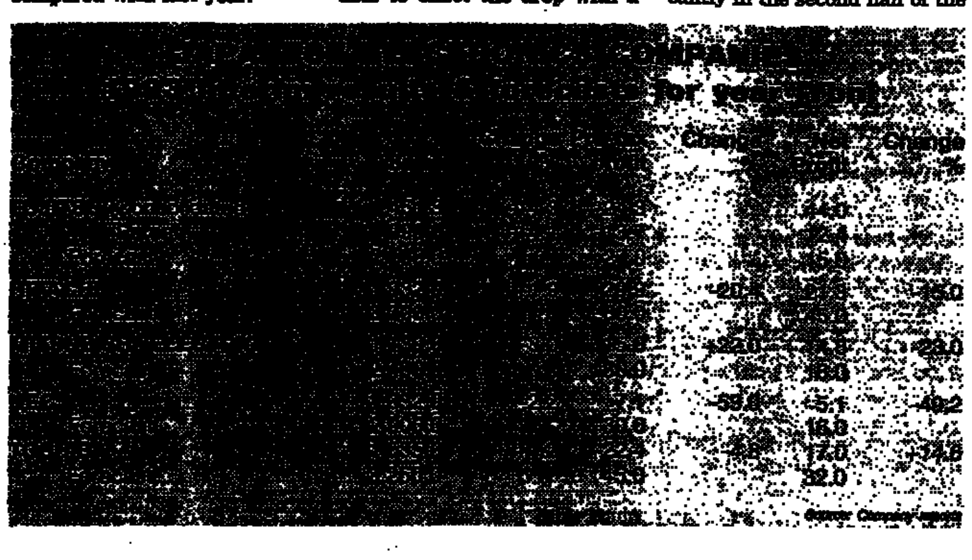
Hitachi, NEC and Toshiba, which manufacture a wide range of products from semiconductors to telecommunications equipment, all reported declines in first-half pre-tax profits to the end of September. Mitsubishi Electric reported a strong rise in pre-tax profits but a 66 per cent reduction in operating profits.

Fujitsu, meanwhile, reported a larger loss and said that its full-year results would be worse than previously forecast.

During the period concerned, all five companies came under heavy pressure as the Japanese economy remained severely depressed and kept a lid on both private sector demand and personal consumption.

Demand by private businesses for computers, information processing systems and office automation products remained particularly weak. Fujitsu, for example, saw a 21 per cent decline in sales of its computers and information processing division. The sluggishness of demand for these products led to a deterioration in prices particularly for computers and office automation equipment.

For those companies with consumer electronics businesses, a continuing lack of interest in audio-visual products among consumers as well as a sharp drop in air conditioner sales due to an unusually cool summer, had a severe impact on profits. Air conditioner sales in Japan this year are down more than 1m units compared with last year.



Mitsubishi reported a 14 per cent decline in sales in its consumer products division while Toshiba saw its sales in consumer electronics slump 12 per cent. The depressed consumer electronics market in turn affected demand for devices made by many of the large electronics companies, which were, as a result, subject to intense price cutting.

Meanwhile, in overseas markets, the near 20 per cent rise in the yen's value against the dollar was a harsh blow to their cost competitiveness and profitability which could not be entirely offset by short-term measures, such as foreign exchange hedging.

Toshiba, for one, noted that the yen's rise was a major factor in its 70 per cent drop in operating profits to Y5.6bn ($52.8m) from a previous Y19.1bn. But the company was able to offset the drop with a foreign exchange gain of Y20bn through forward contracts.

The performance of the comprehensive electronics companies would have been significantly worse, however, had it not been for their ability to offset declines in some of their core businesses with increases in other business areas on the back of strong public sector demand and a buoyant market for semiconductors in the US.

Strong orders from utilities, for example, supported a 22 per cent rise in the heavy electricals business at Toshiba. At the same time, demand for products such as semiconductor memory chips rose strongly on demand from US computer makers.

Nevertheless, the general outlook for the industry remains bleak. Most companies do not expect the Japanese economy to recover significantly in the second half of the fiscal year. Their main hope in lifting profits thus lies in their cost-cutting efforts, which are being carried out across the industry in varying degrees.

Fujitsu, for example, is hoping to reduce its workforce by 6,000 over the next two years through natural attrition. The company is recruiting just 300 employees next spring compared with a peak of 3,870 in 1991. Fujitsu is also reducing capital expenditure by about Y100bn and R&D costs by about Y10bn.

Hitachi is reducing its workforce by 2,000 by the end of March through transfers and natural attrition, in addition to a reduction of 2,500 in the past year.

In contrast, Toshiba is taking a more moderate approach to cost-cutting. While Toshiba aims to reduce its workforce by 5,000 over five years, it is still recruiting 1,800 people next year compared with a peak of 3,000 earlier in the decade. Neither is the company planning to reduce capital expenditure or R&D costs this year.

Another way in which Japanese electronics companies are trying to reduce costs is by buying more components and even complete products from overseas. Fujitsu, for example, is planning to double procurement of foreign parts by 1995. NEC, for its part, will for the first time develop and manufacture some of its PCs for the Japanese market in Hong Kong. NEC also plans to increase the proportion of foreign-made components in its mainline PCs made for the domestic market from 30 per cent to 50 per cent.

In the longer run, however, efforts to reduce costs will also have to be supported further by development of higher value-added products.

Even amid the general downturn, Toshiba, for example, saw strong demand for its colour liquid crystal display notebook PCs in the US, which increased its PC sales in the US by 30 per cent.

Oki Electric passes payout

By Michiyo Nakamoto

OKI Electric, the Japanese communications equipment maker, reported a loss of Y6.8bn ($65.6m) in the first half of the year and passed its dividend. The company blamed its poor performance on continuing weakness in private businesses demand and personal consumption, as well as the sharp appreciation of the yen.

The loss came on sales of Y256.bn, 2.2 per cent down on the previous first half. Oki's pre-tax losses were lower than last year's first-half losses of Y19.3bn.

The company said it was able to contain losses through cost-cutting efforts. However, the net loss of Y12.4bn was worse than its previous loss of Y8.7bn.

Oki, which has close ties with NTT, the telecommunications group, saw substantial declines in its communications equipment and information processing equipment divisions. This was blamed on private business moves to cut capital spending. Strong demand for memory chips, on the other hand, helped raise sales in its electronic devices division.

Oki is forecasting a pre-tax loss of Y8bn on sales of Y5,550bn for the full year to March 1994.

Drop in demand hits NSK

By William Dawkins in Tokyo

NSK, Japan's leading producer of ball bearings, yesterday reported a sharp decline in taxable profits for the six months to September, and reduced its earnings forecast for the year.

It attributed the setback to a fall in demand from carmaking customers. However, NSK avoided falling into loss thanks to the sale of securities, a technique used by several industrial companies to tide them through the recession.

Taxable profits fell by 47.5 per cent from the first half of the previous year, to Y1.47bn on sales down by 7.9 per cent to Y162.73bn over the same period.

Operating profits fell even more sharply, by 84.3 per cent to Y722m ($6.6m), reflecting high fixed costs and the fact that NSK's plants were only able to operate at between 80 and 85 per cent of capacity.

NSK's security sales brought in a Y2bn capital gain, on top of which it earned another Y2bn in dividends from affiliate companies.

Operating profits will recover in the second half, thanks to cost-cutting efforts, but taxable profits for the year will be only Y3.5bn, down from Y4.16bn in the previous year and well below the group's Y4.1bn forecast.

INTERNATIONAL COMPANIES AND FINANCE

Treasuries recover on strength of GDP growth

By Patrick Harverson in New York and Conner Middelmann in London

US TREASURY prices recovered from early losses on a strong third-quarter GDP report to stand flat-to-firmer just after midday yesterday.

In early afternoon trading, the benchmark 30-year government bond was up $\frac{1}{16}$ at $103\frac{13}{32}$, yielding 5.985 per cent. At the short end of the market, the two-year note was unchanged at 99¾, to yield 3.990 per cent.

GOVERNMENT BONDS

Prices eased in early trading after the commerce department announced that gross domestic product climbed by 2.8 per cent in the third quarter.

Although the number was in line with expectations, dealers and investors started selling Treasuries when they saw that GDP showed growth of 3.4 per cent when the impact of crop losses related to the big summer floods in the mid-westwas excluded from the figures.

News of a 4,000 decline in weekly jobless claims also depressed prices.

The market, however, gradually recovered, aided by comments from Susan Phillips, a Federal Reserve governor, who said that fourth-quarter GDP growth could turn out weaker than third-quarter growth.

■ EUROPEAN government bonds had another volatile day, mostly tracking US Treasuries in the absence of important local news. Most markets managed to recoup some of the ground lost in Wednesday's sharp sell-off.

Many investors remained sidelined ahead of today's EC summit and the three-day weekend in most of Europe. However, traders reported some buying by dealers who needed to cover short positions following Wednesday's plunge.

■ GERMAN bonds recouped most of Wednesday's losses and ended slightly higher.

Failing to break key support at 99.65, the December bund contract returned to above par, closing at 100.08, up 0.29 point.

Opinions are divided over the near-term outlook, with some seeing the market's downside well-protected at current levels, but others warning it could correct further.

"We've had five months of rally without serious setbacks, and I think we're in for more weakness at the long end," said a senior Frankfurt trader, pointing to remarks by Bundesbank president Mr Hans Tietmeyer that long yields had little scope for further easing.

■ FRENCH bonds shadowed bunds, leaving their 10-year yield premium over Germany unchanged at 12 basis points. Traders reported late retail buying of shorter-dated bonds following Wednesday's weakness.

Today's focus will be on September unemployment data, with bond traders forecasting a rate of 11.8 per cent. A bad number could trigger more rate-cut talk, although easing hopes were damped by warnings from prime minister Edouard Balladur that the pace of easing should not be forced.

■ UK GILTS also staged a strong recovery, with the long gilt contract rising $\frac{11}{32}$ on the day to $114\frac{7}{16}$.

Traders reported healthy cash buying across the curve, with particularly strong demand for the new 6 per cent gilts due 1999 from international and domestic investors.

Market participants are now set to turn their attention to the £500m tap offering of 7¾ per cent gilts due 2006 which the Bank of England announced last week. The bonds are being offered at $116\frac{11}{16}$, a point above the current market price of $115\frac{21}{32}$. So far, little or none of the paper has been taken up, traders said.

Italian bonds were rattled by political jitters after the government called a confidence vote for today.

However, after an initial sell-off, prices recovered amid widespread confidence that the government would survive the vote, and the BTP future on Liffe rose 0.71 point to 117.04

■ THE Spanish bond contract in Madrid gained 0.37 point to close at 103.40.

■ JAPANESE bonds hit new highs on more switching out of equities, as the stock market continued to weaken. However, profit-taking eroded the gains and bonds closed slightly lower.

FT FIXED INTEREST INDICES

	Oct 28	Oct 27	Oct 26	Oct 25	Oct 22	Year ago	High *	Low *
Govt Secs (UK)	102.65	102.98	103.36	103.24	103.60	94.35	103.60	93.28
Fixed Interest	124.35	124.83	124.80	124.84	124.95	108.33	125.20	108.67

Basis 100: Government Securities 15/10/26; Fixed Interest 1928. * for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75) Fixed Interest high since compilation: 126.20 (1/9/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	Oct 27	Oct 26	Oct 25	Oct 22	Oct 21
Gilt Edged Bargains	110.5	102.8	108.4	106.5	108.1
5-Day average	107.3	108.9	110.8	109.0	108.2

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		9.500	08/03	121.4804	-0.330	6.50	6.49	6.69
BELGIUM		9.000	03/03	112.7000	+0.100	7.10	7.12	7.32
CANADA *		7.500	12/03	104.9000	-0.375	6.82	6.64	6.86
DENMARK		8.000	05/03	111.0500	-0.225	6.41	6.38	6.66
FRANCE	BTAN	5.750	11/98	101.3134	-0.044	5.44	5.37	5.61
	OAT	6.750	10/03	105.7000	+0.140	5.97	5.89	6.03
GERMANY		6.000	09/03	100.8850	+0.210	5.86	5.88	6.06
ITALY		10.000	08/03	106.8200	+0.035	9.13†	8.85	9.37
JAPAN	No 119	4.800	06/99	108.7703	-0.004	2.93	3.14	3.31
	No 157	4.500	06/03	105.9132	+0.074	3.67	3.74	3.86
NETHERLANDS		7.000	02/03	108.0700	+0.100	5.34	5.83	5.94
SPAIN		10.900	08/03	115.2500	-0.050	8.52	8.36	9.10
UK GILTS		7.250	03/98	104-09	+04/32	6.13	6.01	6.30
		8.000	06/03	108-04	+08/32	6.85	6.72	6.93
		9.000	10/08	116-18	+11/32	7.18	7.08	7.28
US TREASURY *		5.750	08/03	102-12	-01/32	5.43	5.29	5.27
		6.250	08/23	103-19	+08/32	5.99	5.87	5.83
ECU (French Govt)		8.000	04/03	110.8900	-0.180	6.42	6.35	6.64

London closing. *denotes New York morning session. Yields: Local market standard. † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.) Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Warm welcome for Singapore Telecom float

By Kieran Cooke in Kuala Lumpur

THE public offering for Singapore Telecom (ST), the island republic's state-run telecommunications and posts utility, closed yesterday with indications that shares have been heavily oversubscribed.

The Singapore government is floating about 10 per cent of ST in this, the first phase of the group's privatisation.

The government has set a minimum value of S$30.5bn (US$19.5bn) on ST. However, Singapore-based analysts say aggressive share purchases, mainly by Singaporeans, could push the group's market valuation to between S$40bn and S$50bn.

Analysts say ST's A and B share categories, restricted to Singapore citizens and sold at S$1.90 and S$2 respectively, have been more than three times oversubscribed. The government has said all applications for A shares will be satisfied in full, while B shares will be allocated through a ballot or partial allotment.

C shares, which comprise half the ST offer, are open to both Singaporeans and foreigners on a tender basis, with a minimum price of S$2. Given the interest in the flotation and the amount of liquidity in the Singapore market, analysts are expecting the strike price, due to be announced today, to be high, possibly more than S$3.

Trading in ST shares is due to start on Monday. The stock exchange of Singapore, anticipating hectic trading in ST shares, has announced it will double the length of its trading session, to 12 hours, from the start of next week until further notice.

Bold pricing of EIB's £400m deal surprises traders

By Antonia Sharpe

THE European Investment Bank (EIB) stunned many participants in the international bond market yesterday with the bold pricing of its £400m issue of five-year Eurobonds.

The pricing of the bonds had been expected to be very tight, due to the increased competition among banks for mandates and the EIB's ability to command aggressive terms.

INTERNATIONAL BONDS

Indeed, some banks had declined to participate in the bidding because they felt there would be little room to make a profit on the deal.

Nevertheless, the yield spread on the EIB's bonds of just one basis point over the new five-year UK government bond still came as a surprise.

The joint lead managers of the EIB's issue, IBJ and SG Warburg, did not form a group of banks to sell the bonds because they had already identified sufficient demand from eastern Asia and continental Europe to enable them to place the bonds by themselves.

However, there was a view in the market that their reluctance to form a group had more to do with defending the price of the bonds more effectively.

The bonds, which were priced at launch at 98.261, closed yesterday at $98\frac{5}{16}$ bid, giving a spread over the underlying gilt of two basis points.

SG Warburg said many investors had bought them as a substitute to the UK government's auction on Wednesday of £3.5bn 6 per cent gilts due 1999.

In addition, the payment date on the EIB's bonds of December 2 offered investors a play on UK interest rates, which are widely expected to be cut as part of the UK budget on November 30.

An official at the EIB said the issue was designed to to establish a new five-year benchmark for the EIB in the Eurosterling sector. He also expressed confidence that the bonds would eventually yield less than the underlying gilts.

The EIB did not expect to tap the Eurosterling sector for another three months, but syndicate managers said it was likely the offering would be re-opened in the new year.

By comparison to the EIB's issue, the coupon of 15 basis points over six-month London interbank offered rate (Libor) on Ford Credit's £200m issue of three-year floating-rate notes (FRNs) looked positively generous.

Lead manager Goldman Sachs said the notes, which marked the first offering by Ford's amalgamated European credit operations, carried a 20 per cent capital risk weighting. The notes were kept in syndicate overnight and are expected to be freed to trade today.

The bidding environment is likely to remain acute for the near future. Commerzbank, the German bank whose long-term credit rating was downgraded by Moody's on Wednesday, is expected to raise $750m today through an issue of five-year FRNs. The notes, via Merrill Lynch, are expected to yield one basis point over Libor.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Crédit Local de France	200	5.125	99.76R	Nov.1998	0.25R	+22 (5¼%-98)	Mitsubishi Finance
Banca Nla del Lavoro HK (e)‡	75	(e)#	R99.75	Nov.2003	0.50R	-	BNL/Morgan Stanley Intl.
STERLING							
European Inv. Bank(a)	400	6.00	98.261R	Aug.1999	0.25R	+1 (6%-1999)	IBJ/SG Warburg
Ford Credit Europe(b)‡	200	(b)#	99.865R	Dec.1996	0.175R	-	Goldman Sachs Intl.
YEN							
Leeds Permanent B/S(a)	20bn	3.5	99.85R	Mar.1999	0.30R	-	Daiwa Eur/Fuji Intl.Fin.
Finance for Danish Inds.(a)	15bn	3.0	100.175R	Mar.1997	0.20R	-	Daiwa Eur/Fuji Intl.Fin.
Sumitomo Overseas Cap.(a)	4bn	2.7	100.20	Feb.1996	0.20	-	Sumitomo Finance Intl.
FRENCH FRANCS							
Credit National(c)	3bn	6.0	96.98R	Nov.2004	0.375R	+30 (8¼%-04)	Société Générale
Eurofima(c)	1.5bn	5.625	99.53R	Nov.1999	0.275R	+12 (8¼%-99)	Paribas Capital Markets
CANADIAN DOLLARS							
City of Vienna(d)	100	6.375	98.775R	Dec.2000	0.30R	+17 (d)	Hambros Bank
SWISS FRANCS							
Sogo Co.	300	4.375	101.00	Nov.1998	-	-	UBS
Union Bank of Switzerland¢	200	3.00	100	Nov.2003	-	-	UBS
City of Vienna*	120	4.25	102.50	Jan.2000	-	-	Swiss Bank Corp.
Steweag	100	4.375	102.875	Jan.2009	-	-	Credit Suisse
SAPAR	100	4.125	102.00	Jan.2004	-	-	Credit Suisse

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. *Private placement. §Convertible. ¢With equity warrants. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Short first coupon. b) Coupon pays 6-month Libor + 15bp. c) Spread relates to OATs. d) Spread is over interpolated yield curve. e) Coupon pays 6-month Libor - 0.1875%. Minimum interest 5.5%; maximum 9%.

IFC helps finance Grupo Idesa plants

By Antonia Sharpe

THE International Finance Corporation (IFC), the private sector arm of the World Bank, is providing a $57.5m syndicated loan to Grupo Idesa, a Mexican petrochemicals company, to help finance the construction of two plants at an estimated cost of $108m.

The IFC is also providing an equity investment of $8m. It has approached DEG, the German finance company for investments in developing countries, to put up an additional $7.5m as a separate loan.

The rest of the project's cost will be financed by Idesa's internal cash generation. The plants should take between two and three years to build.

Idesa, one of Mexico's largest exporters of chemicals, will pay a spread of between 2¼ and 2½ per cent over the London interbank offered rate (Libor). It will pay the banks participating in the loan through the IFC.

Of the IFC's total loan, $42.5m has been placed with a group of banks, lead-managed by Dresdner Bank Luxembourg. The lead manager will earn a front-end fee of 1 per cent and the managers will earn ¾ per cent.

The syndicated tranche of the loan will have a maturity of seven years, while the IFC's own-account loan will have a maturity of nine.

The IFC said environmental considerations weighed heavily in Idesa's decision to locate its plants in an industrial park in Morales, in Veracruz, next to the petrochemicals complex which will supply the raw materials. The proximity will eliminate the need to transport hazardous chemicals over long distances.

One of the plants will produce 200,000 tons per year of ethylene glycol, used to make polyester fibres and resins for packing applications. The other will produce 20,000 tons yearly of ethanolamines.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on October 28

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
Abbey Natl Treasury 6½ 03	1000	102⅞	103⅛		6.09
AlbertaProvince 9⅜ 95	600	109⅜	109¾		4.36
Austria 8½ 00	400	115⅞	116⅛	-⅛	5.43
[illegible]					

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
Arbed 7½ 95 LFr	600	99⅞	100⅛		7.87
Genfinance Lux 9⅛ 99 LFr	1000	107¼	110½		7.44
World Bank 8 96 LFr	1000	101½	102½		7.29
[illegible]					

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]					

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
[illegible]				

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]					

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
[illegible]					

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]					

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. [illegible] CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	30	31	19
Other Fixed Interest	2	4	9
Commercial, Industrial	254	254	905
Financial & Property	122	194	511
Oil & Gas	14	18	47
Plantations	3	1	4
Mines	43	23	73
Others	49	35	53
Totals	517	560	1,621

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Am'nt Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
170	F.P.	-	178	172	BSM	174		W5.78	0.7	4.2	44.5
100	50		62	53	BZW Endowment Fund	55		-	-	-	-
§460	F.P.	-	475	450	Cantab Pharmaceuticals	455	+5	-	-	-	-
125	F.P.	-	167	125	CentreGold	167		LN2.0	2.7	1.5	29.5
100	F.P.	-	98	93	Fleming Chinese Inv Tst	94		-	-	-	-
-	F.P.	-	59	53	Do. Warrants	56		-	-	-	-
-	F.P.	-	111	105	Gartmore Shared Equity	107	-1	M8.6	-	11.2	-
-	F.P.	-	104¾	101½	Do. Zero Div. Pf.	102½	-1	-	-	-	-
100	F.P.	-	96	89	HTR Japanese Smaller	90	-1	-	-	-	-
-	F.P.	-	54	44	Do Warrants	44	-2	-	-	-	-
130	F.P.	-	141	139	Hamlet	139		L5.8	2.0	5.2	12.1
-	F.P.	-	15	10	Lon. Fin. & Inv. Wrts.	14½		-	-	-	-
§120	F.P.	-	133	127	Parkdean Leisure	133		W4.35	2.0	4.1	15.3
-	F.P.	-	5⅝	4¾	Regent A	5¼		-	-	-	-
-	F.P.	-	423	315½	Rothschild Intl. Units	422		W12.52	2.5	3.7	13.3
§290	F.P.	-	323	303	Scotts	305	-2½	-	-	-	-
-	F.P.	-	11	9½	‡Select Industries	9½		-	-	-	-
§112	F.P.	-	118	91	Shield Diagnostics	91	-2	-	-	-	-
135	F.P.	-	141	141	Smaller Co's Inv Tst C	141		-	-	-	-
§115	F.P.	-	123	114	WE Holdings	115		L3.5	2.6	3.8	12.7
-	F.P.	-	339	311½	Vendome Luxury Uts.	316	-2	W07.68	2.8	2.4	14.7
§170	F.P.	-	323	284	Virtuality Group	291		-	-	-	-
-	F.P.	-	3½	3	Wiggins	3½	+¼	-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price £	+ or -
-	F.P.	-	117	108	Ex-Lands 7½pc Cv Ln 2020	114½	
-	F.P.	-	92½	89	Ivory & Sime Ent. Cap. Cv Ln 2000	91	+1½
-	F.P.	-	115⅝	104½	Nat. Power 6¼pc Cv Bds 2008	115¼	
-	F.P.	-	101½p	100¼p	Sun Alliance 7⅜pc Pf	101p	+¼
-	F.P.	-	116½	107	Wilson 6¼pc Bds	116½	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price p	+ or -
6	Nil	29/11	1pm	1pm	Birkdale	1pm	
370	Nil	12/11	65pm	55pm	Blick	65pm	
30	Nil	10/12	4pm	¾pm	Costain	1¼pm	-¼
80	Nil	10/12	26pm	25pm	Feoner	26pm	+1
1	Nil	1/11	1pm	½pm	‡Flagstone	½pm	
187	Nil	10/12	35pm	28pm	Frost	35pm	
160	Nil	2/11	23pm	18pm	JB	23pm	
260	Nil	2/11	77pm	48pm	MS Caradon	77pm	
375	Nil	6/12	135pm	115pm	Matthew Clark	135pm	+2
330	Nil	29/11	68pm	58pm	Mersey Docks	67pm	
28	Nil	2/12	14pm	10pm	Safeland	10pm	
185	Nil	12/11	26½pm	22pm	Takare	22pm	-1
2½	Nil	10/12	¼pm	¼pm	Wentworth	¼pm	
15	Nil	27/11	3pm	3pm	Wescol	3pm	
215	Nil	8/12	37pm	31pm	Yule Catto	37pm	+2

pm Price at a premium. For other notes please refer to the Guide to the London Share Service.

TRADITIONAL OPTIONS

- First Dealings Oct. 25
- Last Dealings Nov. 5
- Last Declarations Jan. 27
- For settlement Feb. 7

3-month call rate indications are shown in Saturday editions.

Calls: Brent Walker, Caverdale, Ferranti, LIT Pref., NSM, Palon, Storm, Tadpole Tech., Wilshaw. Puts: NSM, Wilshaw.

LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allied-Lyons	550	54	64	69	9½	15½	25½
(*592)	600	23	34	41½	31½	37	50
[illegible]							

Option		Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
Fisons	160	12	18½	21½	9	14½	21
(*164)	180	4½	10	13½	24	27½	34

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Brit Aero	390	38½	58½	68	7½	23	31½
(*418)	420	17	42	53½	21	36½	47
BAT Inds	475	23½	38	-	5½	16	-
(*489)	500	8	23	28½	17½	28	39
[illegible]							

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Barclays	550	31½	44½	52	12½	23½	28
(*564)	600	8½	19½	28½	42	61	55½
Blue Circle	300	15½	26½	30	12½	19½	27½
(*300)	330	4½	14	17½	34	38	46½
British Gas	330	18½	28	32½	6	10	17
(*340)	360	5½	12½	17	23	28½	33
Dixons	260	20½	29	36½	10	17½	21½
(*268)	280	10½	19½	26	20	26	32
Eurotunnel	460	31	-	-	24	-	-
(*462)	500	15	-	-	30½	-	-
Hillsdown	160	8½	18½	18	8½	10½	15½
(*164)	180	2	8	8½	21	23½	29½

EURO FT-SE INDEX (*3163)

[illegible]

FT-SE INDEX (*3163)

PUTS								
Nov	1	1½	2½	5½	11½	26½	51½	89½
Dec	5½	9	12½	19	30½	47	70½	103
Jan	13½	19½	25	35½	47	66	88	117
Feb	18	24	31½	42½	56½	75	98	127
Jun †	28	-	58½	-	91½	-	135	-

October 28 Total Contracts 37,371
Calls 17,200 Puts 20,171
FT-SE Index Calls 2,167 Puts 8,376
Euro FT-SE Calls 1,229 Puts 2,374
*Underlying security price. †Long dated expiry months. Equity premiums are based on closing offer prices. Index options are settlement prices.

FT-SE ACTUARIES INDICES

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FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Thu Oct 28	Day's change %	Wed Oct 27	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (24)	128.80	......	128.80	1.70	8.80
2	5-15 years (23)	156.43	+0.03	156.39	1.70	11.06
3	Over 15 years (8)	177.54	+0.07	177.42	2.59	9.70
4	Irredeemables (6)	204.72	-1.35	207.51	-0.10	13.47
5	All stocks (61)	151.94	+0.02	151.92	1.89	10.54
	Index-Linked					
6	Up to 5 years (2)	189.60	-0.10	189.79	0.37	4.28
7	Over 5 years (11)	186.37	+0.03	186.32	0.77	4.29
8	All stocks (13)	185.79	+0.01	185.77	0.73	4.27
9	Debs & Loans (65)	143.54	-0.77	144.65	2.07	9.50

AVERAGE GROSS REDEMPTION YIELDS

			Thu Oct 28	Wed Oct 27	Year ago (approx.)
	British Government				
1	Low	5 years	6.13	6.13	6.97
2	Coupons	15 years	7.03	7.03	8.23
3	(0%-7¾%)	20 years	7.14	7.10	8.51
4	Medium	5 years	6.35	6.34	7.32
5	Coupons	15 years	7.17	7.18	8.57
6	(8%-10¾%)	20 years	7.22	7.22	8.81
7	High	5 years	6.49	6.50	7.68
8	Coupons	15 years	7.37	7.36	8.90
9	(11%-)	20 years	7.39	7.38	9.01
10	Irredeemables(Flat Yield)		7.30	7.19	8.90
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.33	2.29	2.34
12	Inflation rate 5%	Over 5 yrs.	3.14	3.14	3.70
13	Inflation rate 10%	Up to 5 yrs.	1.49	1.45	1.55
14	Inflation rate 10%	Over 5 yrs.	2.96	2.96	3.52
15	Debs &	5 years	7.84	7.72	8.76
16	Loans	15 years	8.14	8.04	8.90
17		25 years	8.25	8.17	10.11

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COMPANY NEWS: UK

Special factors rather than strong growth behind profits surge

Wellcome improves 46% to £667m

By Tony Jackson

YESTERDAY'S 11 per cent plunge in the shares of Wellcome, to 712p, came despite a very strong rise in annual profits, dividends and cash.

However, the increase in earnings per share of 61 per cent was heavily affected by special factors.

The adoption of the new FRS 3 accounting standard depressed the previous year's profits by £47.7m, made up of losses previously counted as extraordinary.

In addition, the comparison was heavily affected by last year's devaluation of sterling. In underlying terms, Wellcome said, earnings per share were up only 9 per cent on sales up 7 per cent.

Reported pre-tax profits for the year were £667m, up 46 per cent, on sales of £2.04bn. In real terms, the pre-tax increase was 9 per cent. The full year dividend was raised by 33 per cent, while Wellcome's cash mountain rose 38 per cent to £567m.

Underlying growth in Wellcome's two most profitable drugs, the herpes treatment Zovirax and the controversial Aids drug Retrovir, slowed sharply. Sales of Zovirax, at £760m, were up 11 per cent in real terms compared to 24 per cent the year before. Sales of Retrovir, at £248m, were up only 3 per cent in underlying terms, compared to a rise of 22 per cent in the previous year.

In several markets, sales were held back by government efforts to control healthcare costs. In the US, underlying sales growth was 4 per cent, while there was a real contraction of 4 per cent in Germany. However, real sales were up 16 per cent in both France and Italy, and by 11 per cent in Japan.

Group investment in R&D increased by 28 per cent to £326m. Some 41 per cent of the total R&D spend was on research into antivirals and other anti-infectives. Clinical studies on two novel anti-herpes compounds, Valtrex and Zonavir, continued.

Wellcome said the results to date continue to support its belief that both compounds may offer clinical advantages over Zovirax.

Also in late phase clinical trial are 51W, a drug used to relax muscles before and during surgery, and Navelbine, an anti-cancer compound licenced from Pierre Fabre Medicament for marketing in North America. Wellcome filed a new drug application for Navelbine in August in the US.

Projects in the earlier stages of clinical trials include 311C, a potential treatment for acute migraine attacks, RhothRx, which has been licensed from CytRx to establish its potential as a therapy in the treatment of heart attacks, and 619C, a potential treatment for conditions including strokes where the brain is deprived of blood and oxygen.

Ferranti doctor gives up on his patient

By Tony Jackson

AT FERRANTI's head office at London's Millbank yesterday, Mr Eugene Anderson was stoical in defeat. A company doctor brought in in an attempt to save Ferranti three and a half years ago, he had just agreed to sell the company to GEC for a nominal 1p per share.

"There are several roots to Ferranti's downfall," he said. "One was firmly Jim Guerin" – the now jailed boss of International Signal and Control, a fraudulent US defence company which Ferranti made the disastrous mistake of buying in 1987.

"Another is the fact that the defence business went south. We could have probably handled either by itself, or even the fact that the company wasn't as well run as it should have been. But I'm not blaming anybody. I've been here for three and a half years, and we should have turned it around."

The basic problem, he said, was straightforward. "The company has been progressively weakened as losses have mounted. The only way out was through additional business. But the weaker we got, the less credible we were in bidding for big contracts. If you're trying to bid for a £100m contract with net worth of £45m, you're bound to raise an eyebrow or two."

One such £100m contract was the so-called Delmon Eye deal, involving an early warning system for Bahrain. In the past week, Mr Anderson said, "we've been advised that we would have to re-price and re-scope that. The last time we were told that, it took six months to get it back into the Kingdom and onto the appropriate authority's desk."

Ferranti did not have that long. The obvious question is who decided that: the banks, for instance? No, Mr Anderson said. "We had not breached any covenants. But the board took the view that we had the responsibility to trade lawfully. We could see that in the absence of major additional business, we were coming up against a brick wall."

Therefore, he said, there was no alternative to GEC's offer. "The fundamental business of Ferranti needs some finance and confidence put into it. By this method, we'll save the bulk of the jobs. The shareholders suffer badly, and I'm sad about that. The alternative would have been disastrous."

So what happens to the company doctor now? Has he had any personal undertakings from GEC? Absolutely not, he said. "There has been no discussion of my job or any of the other board members. It wouldn't have been appropriate."

Queens Moat sells leisure side

AS PART of its restructuring strategy Queens Moat Houses, the hotel group, has entered into an agreement to sell the share capital of Queens Moat Leisure for about £6.7m in cash.

The buyer is a company in which the current QML management has a significant interest. The Royal Bank of Scotland and Royal Bank Development Capital have provided finance.

QML's principal activity is the ownership and management of health and leisure clubs. The company currently runs 14 clubs of which eight are in hotels belonging to or operated by QMH. QML also manages leisure facilities for a number of local authorities.

Wiggins Group rights acceptances

Wiggins Group reported that valid acceptances of the recent rights issue of 63.55m new ordinary shares have been received in respect of 45m shares (71 per cent).

Subscribers for the balance have been procured.

Broadgate sells EBRD leasehold

By David Blackwell

BROADGATE PROPERTIES has sold for £170m cash its long leasehold interest in One Exchange Square, home of the European Bank for Reconstruction and Development in the Broadgate development near London's Liverpool Street station.

The purchaser of the 999-year leasehold interest is Deutsche Grundbesitz Investmentgesellschaft. Jones Lang Wootton, who advised the German investment group, believes the sale to be the largest individual property investment transaction in London for more than two years.

The building comprises 360,000 sq ft of office accommodation and 12 retail units. The EBRD leases the office space for a rent of £14.4m a year, not including ground rent to British Rail, the freeholder.

Broadgate Properties said the effective value of the sale was worth a total of £179m to the company. The property had a book value of £165m on its last audited consolidated balance sheet in June 1992.

The company will use the proceeds to repay in full the bank mortgage of £135m on the property and add to working capital. After the sale total debts will be about £750m, down from £1.2bn a year ago.

Broadgate Properties is 50 per cent owned by Stanhope Properties, which continues to trade, and 50 per cent by administrative receivers called in last year by Rosehaugh, the joint developer of the Broadgate complex.

Broadgate is also thought to have either let or have under offer 350,000 sq ft at its Ludgate development near St Paul's Cathedral. It said yesterday that once the 500,000 sq ft development was let it would be close to breaking even.

Net assets rise 74% at Fleming Japanese Trust

The Fleming Japanese Investment Trust yesterday reported a 74 per cent rise – from 140.6p to 244.7p – in fully diluted net asset value per share over the 12 months to September 30.

The outcome was described by Mr Patrick Gifford, chairman, as the best return for shareholders since the sharp rises of 1986.

After the preference dividend, available revenue moved ahead to £569,000 (£435,000) for earnings of 0.49p (0.38p).

The proposed single distribution is 0.45p.

Flotation price values Crest Packaging at £54m

By Maggie Urry

CREST PACKAGING has priced its flotation at 135p a share, giving the flexible packaging and cartons group a market value of £54m.

The float is by way of a placing of 10.6m shares, 26.5 per cent of the total.

The shares are being sold by directors and their families. Mr Rodney Webb, his wife and family trusts are selling 9.01m shares, raising £12.2m.

Mr Webb and his family were 85 per cent shareholders before the float and will have 62.5 per cent afterwards.

In all, directors and their families will own 73.5 per cent of the shares. Employees have asked to buy 222,418 shares in the placing.

No new shares are being issued; the company's costs relating to the placing are £580,000.

At the issue price the shares are on a p/e of 16.8 on the year to end-April, when pro forma earnings were 8.04p a share.

A notional dividend of 3.65p would have given a gross yield of 3.4 per cent, covered 2.2 times by earnings.

Dealings in the new shares are due to start November 4.

93% take-up for Coats Viyella share scrip

COATS VIYELLA, the textiles and clothing company, has received elections to receive its enhanced scrip dividend alternative in respect of its interim payment on holdings totalling 600.7m shares, some 92.9 per cent of the issued ordinary equity.

BZW has received acceptances for its cash offer in respect of some 94.2m shares, about 15.7 per cent of the elections made under the scrip alternative.

The interim cash dividend payable will amount to £1.5m compared with £21m which would have been payable had all shareholders accepted the full cash payment.

The saving to Coats Viyella in ACT will amount to some £5.7m.

Acquisitive Danka turns in 91% advance to £13.3m

By Peggy Hollinger

DANKA BUSINESS Systems, the acquisitive office equipment supplier which is based in the US and quoted in London, yesterday reported a 91 per cent jump in interim pre-tax profits to £13.3m, largely due to exchange rates and a string of acquisitions.

The surge in profits for the six months to September 30 was achieved on the back of a 90 per cent increase in sales to £141.1m

In dollar terms, Danka's pre-tax profits rose by 54 per cent to $18.9m. Mr Dan Doyle, chief executive, said the group had shown a 16 per cent increase in dollar sales and profits before acquisitions.

Danka paid £36m for 13 companies during the half year, including its first company in the UK, which contributed total operating profits of £1.2m and sales of £21.2m. The acquisitions resulted in a £22m goodwill write off, increasing the drain on reserves from £24.8m to £46.9m.

Net assets declined from £21.2m to £19.2m, partly due to an increase in stocks and debtors. Mr Mark Vaughan Lee, chairman, said Danka had built stocks when prices rose due to exchange rate movements. However, he said, the group was confident it would be able to maintain operating margins.

The group has cash of $8m, and no short term debt, following this month's $86m share issue and a refinancing of longer-term borrowings. At the end of September, Danka had long-term debt of £69.3m (£11.4m).

Danka doubled its interim dividend from 0.375p to 0.75p. Earnings rose by 34 per cent to 4.1p.

ICD's dissidents call meeting

SHAREHOLDERS representing 12 per cent of the equity of International Communication & Data have requisitioned an extraordinary meeting of the company to consider board changes.

The notice was issued to ICD by the PSB Group's advisers and was signed on behalf of various nominee companies holding a total of 6.87m ICD shares (12 per cent).

PSB is proposing resolutions for the removal from the ICD board of Mr David Cicurel, chairman, Mr Ralph Elman, finance director, and Mr Daniel Unger, non-executive director.

If the resolutions are passed, Mr S Kingsland, Mr J Self and Mr J Porter would be appointed to the board, thus giving the PSB candidates control of ICD's board.

The ICD directors, who hold 2.5 per cent of the shares and are being advised by Dawnay Day, will recommend shareholders to vote against the proposed resolutions.

They said they would "resist PSB's attempt to take board control without making a general offer to all shareholders."

Notice of the requisitioned meeting will be sent to ICD shareholders in due course.

Honeysuckle climbs 8%

HONEYSUCKLE Group, the USM-quoted designer of women's wear, reported an 8 per cent rise in pre-tax profits from £720,435 to £781,586 for the year to May 31.

The improvement came from turnover up by £2m to £15.8m. Earnings came out at 6.9p (6.3p) and an increased final dividend of 1.5p is proposed, making a 2.25p (1p) total.

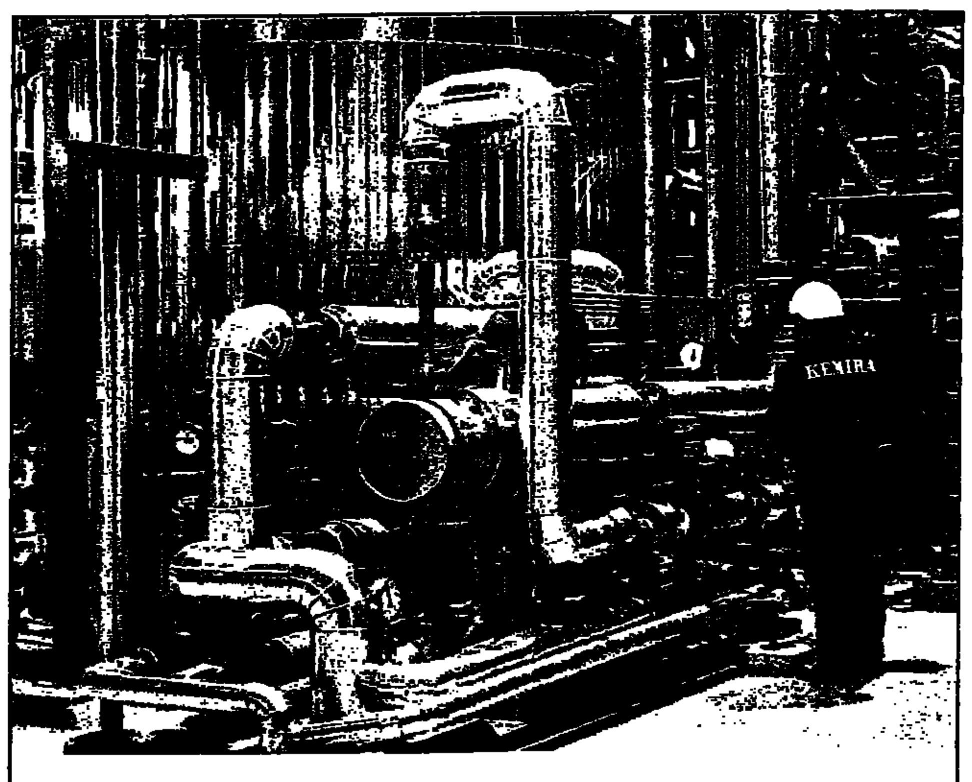
Mr David Serr, chairman, said growth in business was encouraging, if patchy, and an extremely healthy start to the winter season had been only slightly tempered by a recent slowdown in the retail sector.

The chairman added that orders for spring 1994 had exceeded expectations and he was, again, projecting increased turnover and profits.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Country Casuals ....int	1.41	Dec 15	nil	-	2.7
Danka Business ....int	0.75	Jan 26	0.375	-	1.125
Fleming Japanese......fin	0.45	Dec 17	0.35	0.45	0.35
Gerrard National........int	6	Dec 15	6	-	21.5
Honeysuckle § ....fin	1.5	Jan 5	1	2.25	1
Manganese Bronze.....fin	2	Dec 9	1	2.5	1
Mezzanine ....int	5.5	Nov 30	5	-	13.75
Nth American Gas .....fin	nil	-	1.125	nil	2.25
Overseas Inv Tst.........fin	2.3	-	2	3.15	2.8
Scot Mortgage ....int	1.35	Dec 1	1.35	-	4
Wellcome ....fin	12.5	Jan 11	9	17.3	13

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock.



Country Casuals declines to £117,000

By Peter Franklin

COUNTRY CASUALS, the women's wear group that in April acquired one of its suppliers – House of Lerose – in a £10.8m agreed offer, yesterday announced pre-tax profits down from £405,000 to £117,000 for the six months to July 24.

Mr John Shannon, chairman, said the downturn was largely due to the current economic environment and the costs associated with the setting up of the Wild Women chain – now trading as Koto.

Turnover, boosted by an £832,000 contribution from new operations, grew to £16.6m (£14.8m). The pre-tax outcome was bolstered by net interest income up from £12,000 to £108,000.

Mr Shannon said the group retained a strong balance sheet, with a net cash position after borrowings of £3.2m.

An interim dividend of 1.41p is declared, uncovered by earnings per share of 0.41p (1.88p).

The Country Casuals spring/summer collection was launched in a difficult economic environment, Mr Shannon said, and for the first time the company had seen its core customer base reacting to the recession by purchasing fewer units per transaction.

However, the autumn/winter collection had made a good start, with a high level of sales growth compared with that of last year.

The Wild Women chain was formed in the final quarter of last year as a 100 per cent subsidiary of Country Casuals with Ted Baker supplying merchandise and design. However, the "aspirations of the two parties proved incompatible", Mr Shannon said, which caused operational problems in the shops.

The design and supply of merchandise has now been brought in-house and the name changed to Koto, said Mr Shannon, and stock throughput had increased dramatically.

The Elvi brand was targeted for expansion over the next 18 months with a further 20 to 30 shops planned, while the Lerose Manufacturing business was also trading well, he said.

The company planned, however, to run down the wholesale operations of Lerose to concentrate on the group's main objective of brand retailing. It was also intended to dispose of or close the textile printing operation in the Netherlands.

Trevor Humphries
John Shannon (left) with Mark Bunce, finance and strategy director: targeting the Elvi brand for expansion

Invergordon gives way to W&M's 300p offer

By Philip Rawstorne

INVERGORDON Distillers, the Scotch whisky producer, yesterday bowed to the inevitable and recommended shareholders to accept the offer from Whyte & Mackay, the UK drinks subsidiary of American Brands.

Mr James Miller, Invergordon's chairman, said the board still considered that the offer price of 300p failed to recognise the strategic value to W&M of the business.

However, control of the company had passed to W&M which, with its purchase of a 13.5 per cent stake from Fleming Investment Management, had raised its shareholding to 54.7 per cent.

"It is unfortunate, therefore, that in all the circumstances the board has to recommend shareholders to accept the offer rather than remain in a minority position."

After discussions between Invergordon and W&M, the offer has been amended to include a loan note alternative which may provide shareholders with an opportunity to defer any UK capital gains tax payable.

Mr Chris Greig, managing director, Mr Geoffrey Whittaker, sales and marketing director, and Mr Edward Pickard, finance director, who in total hold about 7m shares, or 5.5 per cent of the company, intend to accept the offer.

It is not yet clear whether any of the three, who are employed on three-year rolling contracts, will remain with Invergordon.

Mr Greig, who has led the group since the 1988 management buy-out from Hawker Siddeley, said yesterday: "If I were to be offered an opportunity to make a worthwhile contribution to the future of the group, I would give it full consideration."

Five directors, nominated by W&M, will be appointed to the Invergordon board next week. Mr Miller said that he and two other non-executive directors would resign as soon as they were satisfied they had discharged their responsibilities.

Asset growth at Mezzanine Cap

By Philip Coggan, Personal Finance Editor

MEZZANINE Capital & Income Trust 2001, a split capital investment trust which invests in US debt and unquoted equities, yesterday declared a 10 per cent increase in its interim dividend to 5.5p.

The capital shares of the trust were the best performing of all investment trust shares over the five years to October 1 with growth of 307.6 per cent (mid-market to mid-market with income reinvested). The net asset value per capital share rose by 7.1 per cent from 255.3p to 273.4p over the six months to September 30.

The trust paid a special interim dividend of 4p during the first half following the flotation of American Safety Razor, one of Mezzanine's highly concentrated portfolio of investments. Mezzanine also realised its equity holding in Custom Chrome, which supplies accessories for motor cycles.

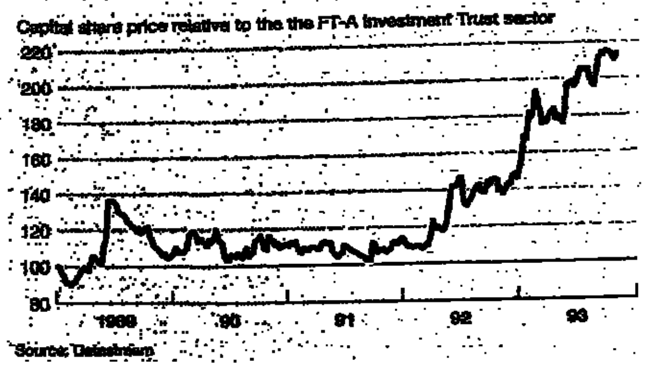
In June, the trust, which is managed by Jordon Zalasnick Advisers, invested $9m (£5.9m) in LePage, a tape manufacturer.

Earnings per income share were 6.96p (5.22p) and net assets per income share at the end of September were 122.7p.

The trust has an unusual split between the rights of capital and income shareholders. The first 100p of assets goes to those who own capital shares; the next 100p to income shares; after that 90 per cent goes to the capital and 10 per cent to the income shareholders.

Mezzanine Capital Investment Trust

Capital share price relative to the the FT-A Investment Trust sector



Source: Datastream

Manchester City chief spurns approach

Mr Peter Swales, chairman of Manchester City Football Club, yesterday dismissed an approach for the Premier League club from a consortium led by Mr Francis Lee, the former England international.

Speaking at the club's annual meeting, Mr Swales said a proposal from the consortium was received on Tuesday.

"It contains a number of conditions and does not involve a proposed offer to all shareholders," he said.

It fell "well short" of reflecting the full value of the club, Mr Swales added.

He reiterated that other parties remained interested.

The club has appointed Henry Ansbacher to "establish the nature of their interest".

ICI Australia up after restructure

By Bruce Jacques in Sydney

ICI AUSTRALIA, the chemical group controlled by Imperial Chemical Industries, announced increased profits and dividends after a year of restructuring.

The company lifted net profits by 39 per cent, from A$85.4m to A$118.9m (£50.5m), in the year to September on turnover ahead from A$2.77bn to A$2.83bn. The annual dividend goes up from 18 cents to 23 cents.

Directors said the result came against a background of low economic activity in the company's main markets. "The improved profitability reflects the ongoing benefits of restructuring and of increased productivity," they said.

"Trading conditions in 1994 are likely to be similar to those of the past year, with most markets reflecting continued modest recovery. Improvement in prices for some key products, notably plastics, depends on recovery in international markets."

The plastics division reduced its pre-tax loss from A$35m to A$24m, with chemicals operations lifting their contribution from A$73m to A$90m, but fertilisers easing from A$34m to A$32m.

The consumer products division increased profits from A$124m to A$139m. The overall result was after tax of A$65.6m (A$53.9m). Depreciation took A$117.9m (A$126.6m) and net interest payable was down from A$40.9m to A$36.9m.

Scottish & Newcastle

Scottish & Newcastle announced that more than 93 per cent of its rights issue of 106.7m units of convertible non-interest-bearing subordinated unsecured loan stock had been taken up. Subscribers have been procured for the balance at a premium.

Bristol Scotts cuts deficit

BRISTOL SCOTTS, which owns the Bristol Stadium and is involved in property development and restaurants, reduced pre-tax losses from £500,000 to £116,000 in the first half of 1993.

The result was achieved despite a fall in turnover to £4.31m (£5.09m).

Mr Anthony Kerman, chairman, said that most of the Eastgate Retail Park rent reviews had been completed, with rents rising on average by 28 per cent. On the residential side, the company intended to dispose of properties when the time was right.

Greyhound racing and open markets continued to trade successfully but the restaurant side continued in loss. Steps had been taken which Mr Kerman anticipated would eliminate losses from that source by the year end.

Losses per share were reduced to 1.85p (9.07p).

Thos Cook expands in Germany

THOMAS COOK, the world's largest travel agency, has expanded in Germany with the purchase of Auto-Fischer, a leisure travel company operating in the north-west of the country.

Thomas Cook, which is controlled by Westdeutsche Landesbank, would not reveal the purchase price.

It said that the move was part of a strategy to expand in continental Europe generally, particularly in Germany, regarded as a core market, and also in Switzerland, Sweden and France.

The company said it regarded these as "key markets" for expansion.

The acquisition will add 28 offices to Thomas Cook's overall operation which encompasses 2,000 worldwide franchised and representative offices in 120 countries employing 12,000 people, of which 7,000 are in the UK.

COMPANY NEWS: UK

Unhappiness over allocations to FT-SE Actuaries share quotation sectors

Companies seek index reclassification

By Maggie Urry

DOZENS OF companies have written to the FT-SE Actuaries Industry Classification Committee objecting to the sectors or sub-sectors they have been put in under the new classification system announced last month.

Companies have until the end of this month to make submissions asking for a change.

Among leading groups which are understood to have asked for reconsideration are Rank Organisation, RTZ, Inchcape and BTR. Many of the letters are suggesting relatively minor changes, for example a move between sub-sectors, or asking for a change of a sector name.

The new classification system will come into effect at the start of 1994. It involves three tiers, economic groups, sectors and sub-sectors. Indices for economic groups and sectors are published daily.

For the first time the ground rules for deciding how companies will be placed in sectors were published. Essentially, they are allocated according to the business from which they derive most of their profits.

Companies believe that the sector or sub-sector they are put in can affect their share rating. They also fear that if included in a sector which they regard as wrong for them they may be followed by stock market analysts unfamiliar with their business.

One investment manager, who is a large shareholder in Inchcape, said yesterday: "The sector makes a considerable difference to the rating, and eventually to the cost of future equity finance".

However, one broker who has made a study of share price movements following sector reclassifications, said yesterday: "I can't find any evidence supporting the theory that stocks are re-rated after moving sector."

In a strongly worded letter to the committee, Sir David Plastow, chairman of Inchcape, said the group was "deeply concerned" by its classification in the "retailers, vehicle distributors" sector and wants to shift to conglomerates. He says only 14 per cent of group profits come from retailing cars, although this is aggregated in the group's accounts with profits from motor importing and distribution, to form 46 per cent of total profits.

Further, Inchcape is much larger than other companies in the sub-sector, and would tend to distort the sector's performance. Another company in the sector is understood to have asked the committee not to include Inchcape for that reason.

Rank Organisation has been placed in the office machinery sub-sector of the electronic and electrical equipment sector. This is because more than half Rank's pre-tax profits, according to the classification system, are derived from its Rank Xerox associate.

Mr Nigel Turnbull, finance director, said Rank should be included in leisure, because of its interests such as Butlins holiday camps and bingo clubs, rather than office machinery.

The group does not provide a split of pre-tax profits between activities, but Mr Turnbull said it was a question of how interest on the group's debt was allocated between its businesses. The committee has not attributed any to the Rank Xerox activities. Further, Rank Xorox, as an associate, is not directly managed by Rank.

RTZ is unhappy to be included in the copper mining sub-sector, although broadly content in the extractive industries sector. RTZ said it was impossible to say what proportion of profits came from copper, but the metal accounted for less than 20 per cent of sales.

Manganese Bronze clocks up £1.53m for the year

By David Blackwell

MANGANESE BRONZE Holdings, the maker of London taxi cabs, returned to the black in the year to end-July with pre-tax profits of £1.53m, compared with losses last time of £2.5m.

The shares closed 17p ahead at 114p.

Profits on continuing operations last year were £498,000. The loss was struck after exceptional costs of £1.73m for the closure of the Darlington foundry, which lost £898,000.

Mr Jamie Borwick, chief executive, said he was pleased with the results relative to the previous year, but believed the group, which had an overall turnover of £72.2m (£71.2m), could do better in future.

Profits in the vehicles division in particular could make a significant contribution to profits in the coming year, he said. The division edged into the black with £39,000 on turnover of £41m, compared with a previous loss of £310,000 on turnover of £40.7m.

The turnround had been achieved through cost cutting and improved efficiency. The group had been making 36 taxis a week since August 1 after 12 months of making only 32 vehicles a week. In 1990 it was making 60 taxis a week.

Mr Borwick said the taxi business appeared to be coming out of recession. He was confident that the taxi licensing review announced on Wednesday would not be detrimental to sales.

Trevor Humphries

Jamie Borwick: turnround at the vehicles division achieved through cost-cutting and improved efficiency

The Deans Powered Doors division, which makes doors for buses and trains, also returned to the black, making £2,000 on turnover of £6.1m, compared with a loss of £1.24m on turnover of £4.9m. Mr Borwick attributed the recovery to a new management team.

Profits in the components division, which supplies bearings and precision castings to the automotive industry, eased from £2.04m to £1.81m, on turnover up from £22.7m to £25.1m.

Total net interest paid dipped from £327,000 to £320,000.

Earnings per share were 6.04p (12.27p loss). A final dividend of 2p is proposed, giving a total for the year of 2.5p (1p).

Gerrard declines 27% despite diversification

By John Gapper, Banking Editor

GERRARD & NATIONAL, the financial group which owns a City discount house, yesterday announced a 27 per cent fall in interim pre-tax profits reflecting depressed earnings in its traditional money market and gilt trading activities.

Gerrard, which disclosed interim figures for the first time in line with the European Community second banking directive, said profits had fallen to £10.4m, against £14.4m, in the half year to October 5.

It said that the results showed its four-year-old strategy of diversifying into broking operations in securities and money markets was having the desired effect of smoothing out volatility in traditional marketmaking activities.

Pre-tax profits of the trading division, which includes the Gerrard & National Limited discount house and Gerrard & National Securities, the gilt-edged marketmaker, fell to £2.5m (£8.1m), and its earnings per share fell to 4p (13.7p).

Mr Brian Williamson, chairman, said discount house profits had fallen sharply to £500,000 (£5.3m) because the first half of last year had been boosted by the UK's exit from the ERM and the subsequent interest rate volatility which increased money market trading.

The broking division, which includes the GNI Holdings futures and options brokerage, Gerrard Vivian Gray, the stockbroker, and LM (Moneybrokers), the stock lender and borrower, reported a rise in pre-tax profits to £4.7m (£3m).

Mr Williamson said he expected the broking division to achieve this year's target of covering the holding company's dividend without recourse to the trading division's profits.

The broking division's earnings per share were 10.6p (8.5p) and overall earnings per share were 14.6p (22.2p). The interim dividend is maintained at 6p.

Regal Hotel reduces deficit

IN ITS first set of results since undergoing a restructuring in December 1992, Regal Hotel Group, the USM-quoted hotel operator, reported pre-tax losses of £403,000 for the half year to July 4 against losses of £663,000.

Stripping out the results of Bramhope, its wholly owned trading company which had been ring-fenced, the losses are £181,000, representing Regal's continuing operations.

The company said it had ceased to treat Bramhope as a subsidiary with effect from March 25 in accordance with FRS 2.

Mr Keith Goldie-Morrison, chairman, said the acquisitions, Catermax and Woodmount, contributed to the accounts from March 24 and Dudley Hotels from May 11. He added that the second half should see an acceleration of the acquisition programme.

Turnover was £1.23m (£1.5m), with ongoing activities contributing £674,000. Losses per share fell to 0.17p (6.2p).

Ramco improves to £297,000

PROFITS OF Ramco Oil Services improved from £250,000 to £297,000 pre-tax over the six months to June 30. Turnover slipped by £300,000 to £2.57m.

Directors of the USM-quoted energy services group said there were contrasting performances from the operating companies.

"Excellent" figures from the Ramco Alnas associate were partly offset by weaker results from the tubular services activities overseas, in particular the pipeline business.

They added that the tubular services arm was to relocate to new premises at Badentoy, which they believed would improve its competitive position in the UK.

Associates contributed £143,000 (took £11,000) to first half profits. Earnings per share emerged at 1.27p (0.95p).

The shares dipped 5p to 150p.

Asset value rises at Scottish Mortgage

By Philip Coggan

Scottish Mortgage, one of the "big ten" international investment trusts, reported an 11.7 per cent increase in net asset value, from 220.3p to 246.1p, over the six months to September 30.

The Baillie Gifford managed trust declared an unchanged interim dividend of 1.35p but the directors said they hoped to declare a final to at least maintain the real (inflation-adjusted) level of last year's total.

Last year, the company borrowed money to invest in a portfolio of gilts and Bulldog bonds. To date, it has enjoyed a positive income stream and has made realised gains of £7.5m and unrealised gains of £5m from the strategy.

First half earnings were up 11.3 per cent to 2.66p (2.39p).

Pathfinder puts £30m price tag on Lilliput

By David Blackwell

LILLIPUT GROUP, the Cumbria-based manufacturer of miniature hand painted cottages, is expected to have a market capitalisation of more than £30m when it is floated next month.

The flotation is expected to raise about £20m, made up of £3m of new money and £17m for the existing shareholders.

The pathfinder prospectus, published yesterday, said £1.5m of the new money would be used to redeem preference and deferred shares. After £500,000 of expenses, about £1m would be left to fund future growth.

Mr John Russell, chairman and chief executive, said the company was likely to report operating profits of close to £3m in the year to January 2. Last year operating profit was £2.13m on turnover of £13.6m.

Lilliput was founded by Mr David Tate, now the technical director, in 1982. It ran into difficulties through diversification, and in 1990 was rescued with £1.2m of venture capital.

North of England Ventures and investors headed by Lazard Ventures own 50 per cent of the company, Mr Tate and his family 29.9 per cent, other directors 15 per cent and other investors 6 per cent.

The two venture capital groups are expected to realise £8m from the flotation and retain a 20 to 25 per cent stake. Mr Tate will have 10 per cent of the company and realise £5.5m. Other directors will keep a 6 per cent stake.

COMMODITIES AND AGRICULTURE

World grain forecast cut sharply

By Richard Mooney

THE INTERNATIONAL Wheat Council has scaled back its forecast for 1993-94 world grain production in response chiefly to lower-than-expected harvests of coarse grains such as maize and barley in Kazakhstan, Russia and the US.

Total production of wheat and coarse grains in the current season is now estimated by the London-based agency at 1.373bn tonnes, down from the 1.39bn tonnes forecast a month ago and 50m tonnes below the 1992-93 outturn.

The IWC's latests Grain Market Report, published yesterday, puts the world wheat crop at 570,000 tonnes, down 5m tonnes from the estimated quoted in its September report but still 8m tonnes above the 1992-93 figure and, if attained, the second highest annual production total on record. The coarse grains total is estimated at 803,000 tonnes, down 12m tonnes from the September report and 58m tonnes from last year.

The report attributes the lower wheat forecast to "lower figures for Canada, Kazakhstan and the United States".

Canadian output would be reduced because of a lower planted area, late crop maturation and excessive rainfall late in the season, the IWC said. In Kazakhstan, it said, the harvest would be "good. . . although lower than last year's record" of 18.3m tonnes at 16.5m tonnes. "Unfavourable weather and shortages of fuel" had led to the lower estimate.

Wet weather had led to a 1.5m-tonne reduction in the US wheat estimate, comapred with the September projection, but the outturn was still expected to be marginally higher than last year's at 67m tonnes. The IWC said the wet weather had also raised concerns about the quality of the US crop.

The US maize crop would be "dramatically lower at 178m tonnes – compared with the 186m tonnes suggested in the September report and 240.8m tonnes in 1992-93 – the IWC said.

It explained that harvesting in the midwest was well behind normal, "mainly due to the fact that farmers so far have concentrated on harvesting soyabeans while waiting for the moisture content in maize to decrease".

Coarse grain crops in the former Soviet Union were also expected to be lower than expected "but better than last season".

The report blamed adverse weather conditions during harvesting, as well as shortages of fuel and machinery.

World Grain Estimates (million tonnes)

	1991-92	1992-93	1993-94 at Sept. 22	(forecast) at Oct. 27
Wheat	545	562	575	570
Coarse Grains	805	861	815	803
Total	1,350	1,423	1,390	1,373
Trade	199	192	176	174
Consumption	1,376	1,384	1,405	1,399
Stocks	243	281	268	257

Source: International Wheat Council

China awards more offshore oil contracts

By Our Beijing Staff

CHINA HAS opened further its offshore areas to foreign investors. China National Offshore Oil Corporation this week signed contracts with Texaco, Agip of Italy and Maersk of Denmark jointly to explore three blocs in the East China Sea.

In a competitive bidding with 14 other foreign bidders from Britain, Japan, the Netherlands and South Korea, the three companies secured Chinese approval to explore about 8,100 square kilometres, some 400km south-east of Shanghai.

Under the contract, signed in the presence of Chinese vice-premier Zou Jiahua, Texaco will hold a 40 per cent interest and Agip and Maersk 30 per cent each in the exploration area.

Exploration costs in the first 3 years are estimated to exceed US$100m. The region is regarded as highly prospective.

China opened its continental shelf to foreign bidders in 1982, the year the offshore oil corporation was established, to attract what it needs most – finance, technological know-how and modern management. It has now signed 79 contracts with 51 oil companies from 14 countries.

China's offshore oil output this year is expected to reach 4.5m tonnes and onshore, 138m tonnes. The corporation's target is to increase its output to 12m tonnes by 1997.

"Although China's offshore oil production only amounts to a small percentage of the country's total output now," said Chen Bingqian, vice-president of the corporation, "we are growing much faster than the onshore sector."

On present trends China is likely to become a net importer of oil by 1995, and this has spurred efforts to secure foreign investment in the exploration of offshore and onshore areas such as the Tarim basin in the country's far-western Xinjiang region.

Judge orders seizure of UK-bound mahogany

By Oliver Tickell

A BRAZILIAN judge has declared that a shipload of mahogany half way across the Atlantic on its way to Britain may have been felled illegally and has ordered its immediate seizure.

The decision came from Justice Alvaro Eduardo Junqueira, who ordered the sequestration of thousands of cubic metres of mahogany belonging to C & C Industria e Comercio because he feared that it was stolen from Indian reserves in the country's Amazon region.

Some of the mahogany is destined for London-based timber agent Tradelink, which, says director Mr Paul Gates, has been buying from C & C for four years. "Its not as if we're buying our timber from Ronnie Biggs," he says.

He added, however: "If the information is confirmed anything outstanding will be terminated immediately. It will be cancelled – as simple as that. If any company is found guilty of illegal practices after due process of law, we are obviously not going to be involved with them".

C & C was caught red-handed this summer by Brazil's environment protection agency, IBAMA, with thousands of logs stolen from the Indian land in the state of Para. The logs were confiscated and the company's export licence revoked.

Then, at the end of September, C & C obtained an export licence for 4,000 cu m of timber from Justice Junqueira on the basis, says the judge, of false information. When the deception was drawn to his attention last week by IBAMA, he revoked the licence, initiated an investigation into C & C and ordered the sequestration of its timber.

The matter is causing embarrassment for Britain's Timber Trade Federation, of which Tradelink is a member. The federation last month launched a scheme designed to ensure that only legally-sourced Brazilian mahogany reached the UK market. Members were informed that unless the scheme won their "full and wholehearted" support, "we risk the scheme falling into disrepute and increase the threat of legislation".

However, Tradelink's Mr Gates is not yet aware of the scheme. "I don't think the TTF has got a list of approved companies," he says.

Under the scheme, Brazilian companies supplying participating TTF members must sign a declaration that they are only dealing in legal timber, which must not come from indian lands. Mr Rupert Oliver, for the TTF, says that C & C is not on the federation's list of approved mahogany suppliers.

But even if C & C were on the list, that would provide no guarantee of the legality of its timber. Earlier this month three timber companies, Maginco, Perachi and Impar, were ordered out of 36,000 sq km of indian reserves in southern Para by the Brazilian federal court of appeal. The companies, which collectively supply over two-thirds of Britain's Brazilian mahogany imports, had all signed the TTF's declaration.

The Brasilia-based Nucleus of Indigenous Rights group, which obtained the injuction, says that 64 per cent of Brazil's mahogany exports originate in Para, and over 80 per cent of these are taken from indian lands or protected areas, as legal supplies are nearly extinct.

Britain imports about half of Brazil's entire mahogany exports.

Further rise forecast for iron ore demand

By Frances Williams in Geneva

WORLD DEMAND for iron ore has picked up this year after being very depressed in 1992, and next year should see further rises in demand and trade, according to government and business experts from 31 iron ore producing and consuming countries.

The experts, who met this week in Geneva under the auspices of the United Nations Conference on Trade and Development, noted weak economic activity in Europe and Japan but higher demand from other steel producing countries, especially China and South Korea. A rise in steel scrap prices this year has also boosted iron ore deliveries.

Mr Dong Zhi Xiong, vice-president of the Beijing-based China Metallurgical Import and Export Corporation, the country's biggest iron ore importer, told the meeting that with an expected economic growth rate of 8 to 9 per cent a year for the rest of the decade China would produce at least 100m tonnes of crude steel by the year 2000. This would require, on conservative estimates, imports of 45m to 50m tonnes annually, compared with 25m tonnes last year.

Chinese iron ore production has almost doubled from 118m tonnes to nearly 210m tonnes between 1978 and 1992, responding to an annual growth rate of crude steel production of 6.9 per cent. As well as being the world's largest iron ore producer, China last year overtook Japan and Russia to become the largest pig iron producer, with about 20 per cent of its 76m-tonne production coming from ore imports.

Although the world steel market has grown by just 1.8 per cent in the first nine months of 1993, iron ore production is also rising and, on the eve of annual price negotiations, the outlook is for further modest growth. The experts noted that, in sharp contrast to late 1992, there was greater activity in most steel market segments and prices for most steel products had risen more than once over the past nine months.

World demand for iron ore slumped last year, accompanied by tumbling iron ore prices, resulting in a decline of $700m in producers' export earnings. World production fell by 5 per cent to 903m tonnes, the biggest drop (18.5 per cent) being in the former Soviet Union, which in 1991 was still the biggest producer.

Millers scour the world for bread-wheat supplies

Many crops have been hit by bad weather for the second year running, writes John Buckley

BREAD-WHEAT CROPS around the world have been hit by bad weather for the second year running, milling industry sources report. Harvests that have been delayed or spoiled by cold, wet conditions are arriving on the market with quality well below normal. Tight supplies in Europe are driving up prices of high protein bread-grain – ironically in a year when price cuts were expected to result from the reform of the European Community's common agricultural policy.

When milling wheat crops ran into trouble last year, exporting countries were lucky to have large stocks of high quality grain to eke out from previous good harvests in 1991. Prices rose to levels unseen for some years as stores were stripped almost bare but few customers went short. However, as UK milling giant, RHM summed up last July: "We can't afford any more crop problems in 1993".

It is not only the northern hemisphere suppliers that are short of good quality bread-wheat – Australia had a rain-damaged crop last season and is still some weeks away from its next harvest. Although Australian quality looks much better this year, prices for its "prime hard" high protein wheats are already $50 a tonne more than they were last summer, following the world trend.

High protein wheat is essential for millers producing the typical "Anglo Saxon" loaf – firm and aerated, ideal for wrapping and slicing. The protein gives strength and elasticity to the bubbles that form as wheat dough is baked, enabling the bread to rise and hold shape.

Despite the enormous advance in UK self-sufficiency in bread-wheat since it joined the EC in the early 1970s (it usually grows between 2.5m and 3m tonnes of its own "soft" or lower protein bread-wheats), some hard, high protein imported wheat is vital to get the right dough mix.

Some continental millers are better off than their UK counterparts; the typical French loaf can get by on much less protein but the quality shortages and the scramble for supplies is affecting prices for all.

Normally UK millers count on Canada to fill a protein gap of about 250,000 tonnes. But Canada's crops have been hit by early snowfalls and delayed by weeks of wet and wintry weather. Average protein content of its top wheat grades has dropped from a normal 14.5 per cent to just above 13 per cent, according to the Canadian Wheat Board.

Even for Canada's lower protein wheats, prices are sharply higher, currently nudging £250 a tonne, delivered to UK mills. One leading UK miller estimated that Canadian 13.5 per cent protein wheat – the least he could get by on – would probably cost him £300 a tonne delivered. "Basically, for every tonne of £140-a-tonne UK bread-wheat we don't get, we will have to put in some £300 Canadian wheat – if we can get it," he explained ruefully.

UK Ministry of Agriculture figures show that the proportion of UK wheat in the millers 'grist' has already fallen to only 56 per cent from 83 per cent this time last year. Leading UK grain merchants Dalgety, recently estimated UK wheat proteins were also down by about 1 per cent this season, raising costs and requiring the use of other inputs.

The US is an occasional hard-wheat supplier to Europe but is unlikely to fill the Canadian shortfall, following rain and disease damage to much of its spring planted bread-wheat (which has recently traded at 13-year highs). Millers will therefore have to scour continental Europe for high protein wheat, where they will find a very mixed picture.

Despite a reported 4m tonnes of milling wheat downgraded by bad weather to animal feed, French farmers are reported to have plenty of "quality" grain, "but high proteins are not one of their strong points", one shipper pointed out. Germany also has a mixed bag of good-to-rain-spoiled milling wheats but merchants there are now demanding higher prices – reportedly leaving many of their own millers short. Denmark and Spain, other frequent sources of bread-wheats have also been unable to provide the right high quality grain so far.

Another traditional option for millers short of high protein wheat is to incorporate large quantities of wheat gluten – a by-product of starch manufacture – to solve the "bubble problem" in loaves made from lower protein wheats. But – more bad news – thanks to Europe's recession and a glut of cheap, competing potato starch, wheat starch production has collapsed and wheat gluten supplies along with it.

American millers have meanwhile been snapping up dwindling European gluten supplies to offset their own protein wheat shortfalls (US starch, made from maize and its by-product, corn gluten, is only fit for animal feed). Anyone who bought EC wheat gluten in June at £700 a tonne should be celebrating – its price has since rocketed to £1,590.

Crunch time comes early in 1994. Many of the big UK milling concerns will then run out of the Canadian 1991 crop stocks they prudently bought forward before this summer's wash-out, "After that we're on to what comes out of the 1993 crops and it doesn't look good," one summed up.

Weather and other factors have also made a mockery of much vaunted cost benefits grain consumers expected from reforms of the General Agreement on Tariffs and Trade. "Headline wheat price cuts of £59 per tonne have simply not materialised due to the premiums quoted on bread-wheats [over ordinary wheat]," one industry executive lamented.

"On top of that, many countries' domestic and imported prices have been strengthened by weak currencies surrounding the ERM's [EC exchange rate mechanism's] collapse."

Even farmers may be robbed of profit from the rise in milling wheat values because their bread-wheat crops failed to perform as expected. And there is an ominous flip-side to this situation – a flood of cheap feed-wheat sloshing around the European and world markets, pushing the export price down to just $60 a tonne – its lowest for some years, Meanwhile, the rise in bread-wheat prices shows no sign yet of levelling off.

UK flour and bread prices are expected to rise shortly as a direct consequence of the quality wheat shortage. Most millers are expected to announce flour price rises averaging 5 per cent on Monday, writes John Buckley.

The impact on bread prices may vary between vertically-integrated operations that combine flour milling and baking, and independent bakers who have to buy in supplies of flour. However food industry analysts believe the flour price rise will add up to 4p to the cost of a loaf.

WORLD COMMODITIES PRICES

MARKET REPORT

COFFEE prices ended at the top of the day's range at the London Commodity Exchange as buyers were encouraged by the New York market's apparent desire to build on Wednesday's gains, brought on by the news Brazil had approved the funding to begin buying coffee under the producers' export retention scheme. After hovering just under $1,200 a tonne, for near January delivery, for most of the day, the second position managed to make a more substantive break above, closing at $1,211 a tonne, up $32 on the day. Dealers said , however that the real test would come be when the market ran into producer selling, which they expected at about $1,250 a tonne. **COCOA** prices also held steady with the March delivery position reaching £980 a tonne, before closing £12 up on balance at £976. Dealers thought the market was becoming range-bound after repeated failures to improve on the recent high of £991 a tonne. **ZINC** was the exception to generally dull trading at the London Metal Exchange. The three months position gained $15.75 at $943.50 a tonne against persistent background talk of a European output cut.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(Dec)		+ or -
Dubai	$14.39-4.49	-0.105
Brent Blend (dated)	$15.85-5.87	-0.130
Brent Blend (Dec)	$16.28-6.30	-0.130
W.T.I (1 pm est)	$17.46-7.50u	-0.130
Oil products (NWE prompt delivery per tonne CIF		**+ or -**
Premium Gasoline	$181-184	-2
Gas Oil	$168-169	-1
Heavy Fuel Oil	$61-63	
Naphtha	$153-156	-1
Petroleum Argus Estimates		
Other		**+ or -**
Gold (per troy oz)♣	$369.75	-2.00
Silver (per troy oz)♣	438.5c	-8.00
Platinum (per troy oz)	$373.75	-0.50
Palladium (per troy oz)	$129.50	-1.10
Copper (US Producer)	84.5c	
Lead (US Producer)	33.50c	
Tin (Kuala Lumpur market)	12.09m	+0.20
Tin (New York)	221.5c	+5.0
Zinc (US Prime Western)	Unq	
Cattle (live weight)†	121.50p	+0.71*
Sheep (live weight)†♦	78.37p	-2.24*
Pigs (live weight)†	68.51p	+0.46*
London daily sugar (raw)	$268.7	+4.0
London daily sugar (white)	$297.0	+2.5
Tate and Lyle export price	£293.0	+3.0
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£120.5	
Wheat (US Dark Northern)	£168.5	
Rubber (Nov)♥	61.25p	+0.25
Rubber (Dec)♥	61.50p	+0.25
Rubber (KL RSS No 1 Jul)	208.0m	+0.5
Coconut oil (Philippines)§	$425.0v	-2.5
Palm Oil (Malaysian)§	$332.5u	
Copra (Philippines)§	$265.0	
Soyabeans (US)	£184.5w	
Cotton "A" Index	54.45c	+0.10
Wooltops (64s Super)	346p	+9

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. z-Nov v-Jan/Feb u-Dec t-Sep/Oct w-Nov/Dec ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♦Sheep prices are now live weight prices * change from a week ago, provisional prices.

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low	
Dec	16.29	16.42	16.59	16.20
Jan	16.49	16.66	16.77	16.41
Feb	16.63	16.82	16.91	16.62
Mar	16.75	16.93	17.03	16.70
Apr	16.86	17.03	17.12	16.81
May	16.90	17.03	17.09	16.90
Jul	17.35	17.25	17.35	
Aug	17.42	17.30	17.42	
IPE Index	16.42	16.36	16.42	

Turnover 41794 (27271)

GAS OIL – IPE ($/tonne)

	Close	Previous	High/Low	
Nov	164.25	165.00	166.75	164.00
Dec	164.25	165.00	166.75	164.00
Jan	163.75	164.75	166.25	163.75
Feb	163.00	164.25	165.50	163.00
Mar	162.25	163.25	164.50	162.25
Apr	161.25	162.25	163.25	161.00
Jun	159.00	159.50	160.75	159.00

Turnover 14036 (12997) lots of 100 tonnes

SUGAR – LCE ($ per tonne)

White	Close	Previous	High/Low	
Dec	281.70	284.00	284.00	283.50
Mar	279.30	281.00	281.80	280.00
May	281.20	282.90	283.60	283.00
Aug	285.00	286.10	287.30	286.20
Oct	273.80	276.10	276.80	274.90
Dec	274.50		277.40	
Mar	278.40		280.40	

Turnover 907 (1012) Paris- White (FFr per tonne): Dec 1666.96 Mar 1651.44

FRUIT & VEGETABLES

Spania satsumas are this week's best fruit buy reports the FFVB. They are available for 6-12p each. There are plenty of European apples to choose too; French Granny Smiths are 30-45p a lb (30-40p) and English Russets are 35-50p a lb (40-50p). There are plenty of pumpkins currently available, they vary in price from 60p-£2.50 (60-£2.50). English, French & Spanish Carrots are 15-25p a lb (12-25p). English Brussels sprouts are available this week for 20-35p a lb (25-35p). Spanish, English & Dutch cucumbers are available this week fo 40-70p each, depending on size, and English celery is 30-45p per head (25-40p)

No.7 RAW SUGAR – LCE (cents/lbs)

	Close	Previous	High/Low	
Mar	10.74	10.85	10.87	
May	10.93	10.89	11.00	
Jul	11.20	11.19	11.276	11.26

Turnover 68 (233) lots of 50 tonnes.

COCOA – LCE (£/tonne)

	Close	Previous	High/Low	
Dec	944	930	949	940
Mar	976	964	980	971
May	982	970	987	977
Jul	981	970	986	977
Sep	976	970	986	977
Dec	957	950	961	958
Mar	954	944	962	956
May	958	943	962	962

Turnover: 3558 (2922)lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Oct 27 917.88 (925.89) 10 day average for Oct 28 918.86 (917.66)

COFFEE – LCE ($/tonne)

	Close	Previous	High/Low	
Nov	1183	1160	1187	1173
Jan	1211	1179	1211	1193
Mar	1198	1174	1197	1185
May	1192	1171	1191	1181

Turnover: 5339 (2623) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Oct 27 Comp. daily 68.19 (67.36) 15 day average 67.87 (67.70)

POTATOES – LCE (£/tonne)

	Close	Previous	High/Low	
Apr	84.6	86.8	86.5	84.0

Turnover 160 (26) lots of 20 tonnes.

FREIGHT – LCE ($10/index point)

	Close	Previous	High/Low	
Oct	1324	1327	1327	
Nov	1343	1318	1345	1320
Dec	1345	1325	1345	1340
Jan	1349	1337	1345	1340
Apr	1363	1345	1360	1350
Jul	1223		1210	
BFI	1322	1325	1322	

Turnover 118 (229)

GRAINS – LCE (£/tonne)

Wheat	Close	Previous	High/Low	
Nov	97.90		98.50	98.00
Jan	100.25	100.25	100.75	100.25
Mar	102.20	102.20	102.55	102.20
May	104.00	104.00	104.50	104.00
Barley	**Close**	**Previous**	**High/Low**	
Jan	103.50	103.15	103.45	
Mar	105.45	105.10	105.50	

Turnover: Wheat 182 (188) Barley 14 (58)
Turnover lots of 100 Tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 26,909 lots
Cash	1054.5-5.5	1051.5-2.5		1048-8.5		
3 months	1075.5-6.0	1073-4	1076/1069	1069-9.5	1073-4	243,313 lots
Copper, Grade A ($ per tonne)						Total daily turnover 61,137 lots
Cash	1608.5-9.5	1600-1	1605	1605-5.5		
3 months	1629.5-30.0	1622-3	1631/1620	1626.5-7.0	1628-9	190,664 lots
Lead ($ per tonne)						Total daily turnover 5,002 lots
Cash	401-2	395-7	499.5	400-1		
3 months	414.5-5.5	409-11	418.5/412	413-4	412-3	24,049 lots
Nickel ($ per tonne)						Total daily turnover 10,247lots
Cash	4530-5	4505-10	4395	4495-500		
3 months	4585-90	4560-5	4630/4520	4550-2	4605-10	43,721 lots
Tin ($ per tonne)						Total daily turnover 2,433 lots
Cash	4665-75	4760-5		4700-5		
3 months	4710-20	4805-10	4855/4710	4745-50	4710-15	13,424 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 17,888 lots
Cash	926.5-7.5	910-11	926.5/926	926.5-7.0		
3 months	943-4	927.5-8.0	945/934	943-3.5	941-2	84,945 lots

LME Closing £/$ rate: SPOT: 1.4905 3 months: 1.4826 6 months: 1.4763 9 months: 1.4707

LME AM Official £/$ spot rate 1.4770

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	369.50-370.00	
Opening	368.80-369.30	
Morning fix	369.10	249.257
Afternoon fix	368.55	249.611
Day's high	371.00-371.50	
Day's low	368.20-368.60	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.70	6 months	2.68
2 months	2.68	12 months	2.67
3 months	2.68		

Silver fix	p/troy oz	US cts equiv
Spot	298.45	442.00
3 months	302.55	445.60
6 months	306.35	449.20
12 months	314.00	457.00

GOLD COINS

	$ price	£ equivalent
Krugerrand	371.00-374.00	250.00-253.00
Maple leaf	380.55-382.95	-
New Sovereign	87.00-90.00	58.00-61.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Dec	Mar	Dec	Mar
1025	42	68	3	9
1050	24	50	10	15
1075	11	35	22	25
Copper (Grade A)	**Calls**		**Puts**	
1600	41	78	20	35
1650	28	64	32	46
1700	18	51	47	58
Coffee LCE	**Jan**	**Mar**	**Jan**	**Mar**
1150	98	116	37	68
1200	70	91	59	99
1250	49	71	88	123
Cocoa LCE	**Dec**	**Mar**	**Dec**	**Mar**
925	41	80	22	44
950	27	69	33	49
975	18	62	49	61
Brent Crude	**Dec**	**Jan**	**Dec**	**Jan**
1650	14	49	41	51
1700	4	24	81	62
1750	2	13		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Nov	369.1	369.5	0	0
Dec	370.2	370.7	372.7	368.5
Feb	372.0	372.6	374.7	370.6
Apr	373.8	374.3	375.8	372.8
Jun	375.6	376.1	375.7	375.7
Aug	377.4	377.9	0	0
Oct	379.2	379.7	0	0
Dec	381.1	381.6	381.6	380.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Nov	363.0	363.0	0	0
Jan	373.6	376.0	376.5	370.0
Apr	375.3	377.8	377.5	373.5
Jul	376.3	378.8	375.0	375.0
Oct	377.8	380.3	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Nov	437.4	445.5	0	0
Dec	438.7	445.7	448.0	434.0
Jan	439.8	446.9	0	0
Mar	443.1	450.0	451.5	438.5
May	446.2	453.1	455.5	444.5
Jul	449.2	456.1	456.5	446.0
Sep	452.1	459.0	0	0
Dec	456.7	463.6	465.0	457.0
Jan	457.8	464.7	0	0
Mar	461.6	466.5	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	72.75	72.30	73.00	72.70
Dec	73.00	72.60	73.40	72.75
Jan	73.25	72.85	73.40	73.05
Feb	73.50	73.10	73.65	73.55
Mar	73.75	73.35	74.20	73.50
Apr	74.00	73.60	0	0
May	74.25	73.85	74.50	74.30
Jun	74.50	74.10	0	0
Jul	74.75	74.35	75.00	74.90
Aug	75.00	74.60	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Dec	17.42	17.65	17.78	17.35
Jan	17.63	17.84	17.94	17.55
Feb	17.81	18.00	18.09	17.73
Mar	17.95	18.13	0	17.86
Apr	18.08	18.24	18.32	17.99
May	18.22	18.36	18.43	18.11
Jun	18.26	18.45	18.52	18.22
Jul	18.37	18.54	18.60	18.32
Aug	18.42	18.62	18.66	18.58
Sep	18.51	18.71	18.78	18.50

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Nov	52.90	52.49	52.90	51.90
Dec	52.85	53.34	53.75	52.65
Jan	53.50	53.94	54.30	53.20
Feb	53.60	54.14	54.45	53.35
Mar	53.00	53.64	53.90	52.90
Apr	52.40	52.84	53.00	52.25
May	51.70	52.04	52.25	51.40
Jun	51.25	51.64	51.85	51.20
Jul	51.60	51.84	52.35	51.45
Aug	52.15	52.39	52.60	52.10

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	1140	1145	1153	1138
Mar	1178	1183	1193	1177
May	1195	1200	1202	1192
Jul	1212	1212	1215	1210
Sep	1226	1229	0	0
Dec	1242	1245	1240	1240
Mar	1248	1251	0	0
May	1268	1271	0	0
Jul	1282	1285	0	0
Sep	1301	1304	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	78.00	76.35	78.15	76.25
Mar	80.55	78.90	80.75	78.90
May	81.75	80.25	82.00	80.60
Jul	82.90	81.65	82.90	82.00
Sep	84.45	83.00	83.50	83.50
Dec	86.70	86.50	88.20	86.20
Mar	89.00	88.50	87.00	87.00

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	10.54	10.65	10.69	10.53
May	10.67	10.77	10.78	10.66
Jul	10.71	10.83	10.83	10.70
Oct	10.69	10.83	10.81	10.69

COTTON 50,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	57.22	57.64	57.85	57.00
Mar	59.10	59.57	59.75	58.95
May	60.15	60.60	60.70	60.05
Jul	60.90	61.24	61.30	60.90
Oct	61.99	62.65	62.15	62.15
Dec	62.20	62.65	62.50	61.95
Mar	62.55	63.45	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	107.50	110.05	110.10	106.75
Jan	110.00	113.15	113.20	109.10
Mar	112.50	115.50	115.70	111.60
May	114.00	117.25	117.50	114.00
Jul	115.60	118.75	117.90	116.50
Sep	116.25	119.50	0	0
Nov	113.50	116.75	0	0
Jan	113.50	116.50	0	0
Mar	113.50	116.50	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)

Oct 28	Oct 27	mnth ago	yr ago
1605.4	1585.8	1579.8	1646.4

DOW JONES (Base: Dec. 31 1974 = 100)

	Oct 27	Oct 26	mnth ago	yr ago
Spot	119.79	118.34	119.38	113.21
Futures	130.19	129.83	127.10	115.40

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Nov	617/4	620/6	621/2	615/4
Jan	627/0	629/2	629/4	624/0
Mar	632/6	635/6	636/4	631/4
May	637/4	640/0	640/2	636/0
Jul	640/6	643/4	644/2	639/2
Aug	641/0	644/0	643/0	639/4
Sep	632/0	633/0	634/4	631/0
Nov	625/0	624/6	626/4	623/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Dec	23.16	23.29	23.34	23.15
Jan	23.27	23.38	23.42	23.27
Mar	23.41	23.51	23.55	23.38
May	23.45	23.53	23.59	23.43
Jul	23.46	23.50	23.59	23.44
Aug	23.26	23.37	23.30	23.25
Sep	23.10	23.10	23.17	23.10
Oct	22.80	22.75	22.80	22.80

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Dec	191.8	192.8	192.8	191.4
Jan	191.7	192.9	192.9	191.4
Mar	192.8	193.9	194.0	192.5
May	193.1	194.7	194.7	193.0
Jul	194.6	196.0	195.7	194.5
Aug	194.8	196.1	195.8	194.8
Sep	194.8	196.0	195.8	194.7
Oct	195.3	196.2	0	0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	253/2	254/6	255/2	253/0
Mar	261/4	263/2	263/6	261/2
May	265/6	267/2	268/0	265/4
Jul	267/0	268/4	269/2	266/6
Sep	259/4	260/0	260/2	258/4
Dec	250/4	262/6	252/6	250/4
Mar	257/4	259/4	258/6	257/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	326/4	331/0	330/4	326/0
Mar	323/4	328/2	326/0	322/4
May	312/4	317/0	317/0	310/4
Jul	307/4	310/6	310/4	307/0
Sep	311/0	314/0	314/2	310/6
Dec	319/4	323/0	322/4	318/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	73.825	74.100	74.475	73.750
Feb	74.650	74.775	75.175	74.550
Apr	76.125	76.250	76.475	76.050
Jun	73.075	73.125	73.400	73.050
Aug	71.550	71.550	71.900	71.550
Oct	72.000	72.075	72.300	72.000
Dec	72.950	73.000	73.100	72.800

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Dec	48.150	48.100	48.475	47.850
Feb	49.025	48.800	49.225	48.650
Apr	47.375	47.225	47.475	47.000
Jun	51.625	51.450	51.700	51.325
Jul	50.750	50.550	50.950	50.500
Aug	49.350	49.300	49.450	49.200
Oct	45.350	45.350	45.400	45.350
Dec	45.900	0	0	0

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	58.700	57.850	58.750	57.400
Mar	58.550	57.600	58.600	57.400
May	58.400	57.800	58.600	58.250
Jul	59.975	58.950	60.000	58.750
Aug	58.100	58.100	0	57.900

Wall Street high halts London slide

By Steve Thompson

A DAY of high drama in the London stock market ended with Wall Street's early move to another all-time peak, prompting a strong rebound in the leading UK stocks after an early bout of weakness.

The initial market trend came after a set of poorly received preliminary figures from Wellcome, one of the top UK drug companies, and another dismal showing by the top British food retailers on talk of a price war.

The sudden and generally unexpected upsurge on Wall Street followed a better than expected increase in US gross domestic product during the third quarter, up an annualised 2.8 per cent, plus in-line unemployment figures. The Dow Industrial Average moved smoothly through the 3,700 mark shortly after US markets opened and was holding above that level after London closed. Giving added impetus to the upward trend in US stocks was a batch of good results from leading US companies such as Kodak and General Motors.

The feeling around the City's dealing rooms late yesterday was that Wall Street's big rise – if it holds – could shake European markets out of their recent uncertain performances. "The GDP data is an indication that the US is now on the verge of emerging properly from recession," said a senior market trader at one of the US brokers operating in London.

Others said they continued to feel comfortable with London and that there looked to be considerable scope for various sectors, most notably the oils, where British Petroleum was given a big boost yesterday after NatWest Securities upgraded its earnings forecasts for the company.

The FT-SE 100 Index ended a day of big swings a net 8.7 firmer at 3,163.0, but the FT-SE Mid 250 Index, which has outperformed the senior index recently, stubbornly refused to participate in the late upswing, settling 4.7 off at 3,532.4, and not far short of the day's low.

The day's biggest feature was Wellcome, the drugs company, whose shares plummeted 100p at one point before edging off the bottom, as analysts lowered their forecasts for the current year by around 10 per cent, citing growing fears about the group's sales prospects. A closing fall of 91p in Wellcome was worth 4.9 points off the FT-SE 100-share index. Some top brokers, however, said the sell-off in Wellcome had been overdone.

The same was said about the big supermarket groups, where collective turnover accounted for approaching 10 per cent of the market's turnover of 736.6m, including a significant block trade in Asda stock.

Yesterday's overall turnover was again inflated by exceptionally heavy business – 56m shares – in Ferranti, the defence/electronics group, where GEC surprised no-one in the City in revealing itself as the bidder for the group.

In sharp contrast to Wellcome, ICI shares performed well after pleasing the market with its third-quarter results. Other outstanding performances yesterday came from the merchant banking sector, where S.G. Warburg and Hambros moved up to all-time highs, and Kleinwort Benson extended the strong rise which has seen the shares more than double in just over 12 months.

The market's newly revived strength was reflected in another outstanding debut performance, this time from computer games group Centregold, the shares surging 33 per cent on the session.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ASDA Group†	36,000	65½	-1½
Abbey National†	1,400	424	+6
Albert Fisher	1,700	75	-½
Allied-Lyons†	2,300	603	+4
Anglian Water†	1,900	632	-7
Argos	634	343	-6
Argyll Group†	6,400	296	-8
Arjo Wiggins†	1,200	224	+4
Assoc. Brit. Foods†	153	498	+2
Ass. Brit. Ports	927	512½	+1½
BAA†	788	970	+2
BAT Inds.†	4,100	489	+6
BET	1,400	127	-2
BICC	725	403	-3
BOC†	837	690	
BP†	12,000	345½	+9½
BPB Inds.	1,500	267	-2
BT†	8,000	404	+4
BT (P/Paid)	6,900	212	+½
BTR†	8,400	370	-4
Bank of Scotland†	1,700	193	+6
Barclays†	4,300	564	+8
Bass†	2,500	498	
Blue Circle†	2,800	301	+10
Booker	391	398	-3
Boots†	1,700	515	+6
Bowater†	2,800	442	
Brit. Aerospace†	1,300	417	+3
British Airways†	2,200	373	-1
British Gas†	8,100	339	+½
British Land	1,100	404	-8
British Steel†	3,900	129¾	+1
Bunzl	325	142	-2
Burmah Castrol†	137	774	-1
Burton	3,200	78	-2½
Cable & Wire.†	3,700	986	+14
Cadbury Schweppes†	863	482	-1
Calor Group	22	298	
Carlton Comms.†	3,000	784	+5
Coats Viyella†	2,200	274	-2
Comm. Union†	1,100	646	+6
Cookson	326	205	+1
Courtaulds†	852	488	+5
Dalgety	42	473	+1
De La Rue	332	782	+6
Dixons	1,800	229	-5
Eastern Elec.	678	617	-1
East Midland Elec.	689	594	-2
Eng China Clays	1,500	423	
Enterprise Oil†	915	480	+6
Eurotunnel Units	21	482	-2
FKI	1,400	181	+2
Fisons	2,700	184	
Foreign & Col. I.T.	1,800	258	-1
Forte†	497	222	+1
Gen. Accident†	1,300	719	+10
General Elect.†	4,300	350	+7
Glaxo†	4,600	692	+10
Glynwed Intl.	49	309	-1
Granada†	621	474	+1½
Grand Met.†	5,200	421	+4
GUS†	1,300	635	+4
GRE†	334	215	+2
GKN	356	477½	
Guinness†	3,600	433	+10
HSBC (75p shs)†	4,100	747	+3
Hammerson 'A'	81	378	-4
Hanson†	5,100	271	+¾
Harrisons Crosfield	382	191	-1
Hays	383	289½	-2
Hillsdown	3,900	185	+2
IMI	349	368	
ICI†	4,300	718	+13
Inchcape†	1,000	493	-5
Johnson Matthey	486	494	+5
Kingfisher†	4,500	659	+9
Kwik Save	1,000	651	-14
Ladbroke†	4,300	178	-½
Land Securities†	637	730	+2
Laporte	787	678	
Legal & General†	755	527	-1
Lloyds Abbey	1,400	494	+4
Lloyds Bank†	3,000	568	+2
LASMO	3,700	142	
London Elec.	620	611	-2
Lonrho	1,700	124	+3
Lucas	3,700	180	-1
MB Caradon†	1,700	332½	+½
MEPC†	1,100	494	
MFI	636	143	-1
Manweb	812	689	+6
Marks & Spencer†	2,900	404	
Midlands Elec.	579	635	-6
Morrison (Wm.)	848	99	-5
NFC†	368	279	+1
NatWest Bank†	8,000	555	-8
National Power†	3,400	418½	+½
Next	1,900	197½	+1½
North West Water†	1,800	540	-6
Northern Elec.	124	657	-3
Northern Foods†	3,000	240	-2½
Norweb	384	684	-1
Pearson†	590	593	-2
P & O†	1,000	668	-4
Pilkington	1,300	147	+1
PowerGen†	849	480	
Prudential†	2,700	337	+4
RMC†	317	913	+3
RTZ†	1,800	888	+7
Racal	199	212	-2
Rank Org.†	1,700	832	+24
Reckitt & Colman†	729	658	+11
Redland†	307	544	+2
Reed Intl.†	751	798	+8
Rentokil†	825	203½	-1½
Reuters†	899	1691	-12
Rolls-Royce†	1,800	160½	
Ryl Bk Scotland†	1,100	380	+5
Royal Insurance†	1,100	320	+2
Sainsbury†	8,600	402	-14
Schroders†	18	1253	+3
Scottish & New.†	2,300	469	+2
Scot. Hydro-Elect.	1,200	410	+1
Scottish Power†	2,200	414½	+½
Sears†	3,900	115	+1½
Sedgwick	2,700	184	+2
Seeboard	301	572	-3
Severn Trent Water†	2,500	544	-6
Shell Transport†	5,900	702	-7
Siebe†	465	545	+6
Slough Ests	465	239	-5
Smith (W.H.) A	1,600	486	-4
Smith & Nephew†	1,300	143	
SmKl Beecham†	2,900	420	-2
SmKl Beecham Uts.†	3,200	377	
Smiths Inds.	1,300	410	+5
Southern Elec.	1,900	694½	-6½
South Wales Elec.	224	678	-1
South West Water	909	537	-6
South West. Elec.	72	623	
Southern Water	110	597	-9
Standard Chartd.†	927	1040	-1
Storehouse	3,400	197	-3
Sun Alliance†	533	371	-4
T&N	194	192	-3
TI Group†	640	347	+1
TSB†	2,000	224½	+4½
Tarmac	1,300	137½	-1
Tate & Lyle	4,000	378	+2
Taylor Woodrow	598	123	
Tesco†	16,000	206½	-9½
Thames Water†	2,200	548	-8
Thorn EMI†	639	938	
Tomkins†	5,300	258	-2
Trafalgar House	6,000	98	+½
Unigate	1,100	378	-2
Unilever†	1,300	1141	
United Biscuits†	505	375	+3
Utd. Newspapers	123	644	
Vodafone†	3,300	545	-11
Warburg (SG)†	1,260	913	+23
Wellcome†	18,000	712	-91
Welsh Water	700	665	+1
Wessex Water	233	546	-5
Whitbread 'A'†	341	521	-1
Williams Hldgs.†	1,000	337	+4
Willis Corroon	5	212	+1
Wimpey	104	174	-1
Wolseley†	828	696	+2
Yorkshire Elec.	1,100	640	
Yorkshire Water	52	581	-9
Zeneca†	2,900	780	+5

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

Account Dealing Dates

*First Dealings:		
Oct 18	Nov 1	Nov 15
Option Declarations:		
Oct 28	Nov 11	Nov 25
Last Dealings:		
Oct 29	Nov 12	Nov 26
Account Day:		
Nov 8	Nov 22	Dec 6

*New time dealings may take place from two business days earlier.

Price war fears hit Sainsbury

FOOD retail stocks dropped dramatically as talk of a renewed price war was heard amid frantic trading, which by the close accounted for nearly 10 per cent of the total market turnover yesterday.

J. Sainsbury, the UK's biggest supermarket group, was the focus of the market speculation as strong rumours did the rounds that it was about to launch a raft of price cuts on non-perishable goods. The story, which suggested the move was imminent, came as the market opened and sent all the leading stocks tumbling in hectic trading.

"This is the day when everyone has been selling everything in the sector," commented one harassed marketmaker. But another dealer said there were still plenty of buyers to be found. "Investors are finding healthy yield values at these levels," he added.

Others took a different view, and there were reports that previously positive brokers were backtracking and advising clients to sell. The sector, which has been the worst performer in the London market this year, has recently undergone a rerating as some analysts have considered the decline overdone. However, one leading food salesman said yesterday: "The recovery has been called too early. The news flow will remain negative for some time yet."

Yesterday's talk once again focused investors' minds on price pressures in the industry, highlighted by the weakness in the sector in the previous session following the victory by Costco, the US discount warehouse chain, to open its first site in the UK,

After refusing to comment to analysts for most of the session, Sainsbury finally issued a denial to the press shortly before the end of the day's trading. By then, the shares had tumbled 14 to 402p in turnover of 8.6m, the highest in two years. Tesco dropped 9½ to 206p in volume of 16m and Argyll Group fell 8 to 296p with 6.3m dealt. Elsewhere, Iceland retreated 9 to 175p and Kwik Save 14 to 651p.

Asda found some support as a block of 12.3m went through the market at 53.5p and were sold on at a penny higher. There was also an institutional visit. The shares lost 1¼ to 55¾p on turnover of 38m.

Wellcome plunges

Fears over underlying sales growth in Wellcome sent shock waves through the market and cut the share price by just over 11 per cent – equivalent to nearly five Footsie points.

The results were largely in line with expectations, but some analysts feared that sales growth could be less than 10 per cent in the current year and many forecasts have been trimmed. The dividend was increased, but the level of that rise also disappointed many investors.

One industry watcher feared more downside and warned that the stock had received a bounce from currency factors but its future would depend on its product portfolio.

Some analysts suggested that 700p would become a realistic price for the shares and yesterday the price plunged very close to that figure, losing 91 to close at 712p. At one point the stock had fallen 100p to touch 703p. Turnover was a hefty 18m, the highest level since July 1992.

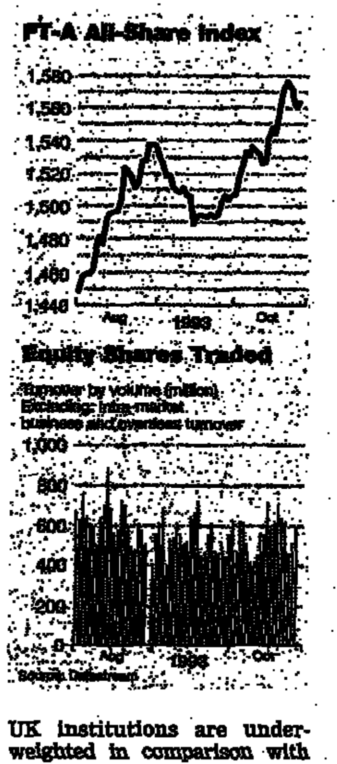
However, there were some optimistic voices for Wellcome who considered that part of the steep slide could be attributed to the volatile state of the sector. Reflecting the confused feeling, the range of profits forecasts for next year was said to stretch between £690m and £760m, indicating that there is still some bullish sentiment surrounding the shares.

Wellcome's ill wind blew a little good Glaxo's way and its shares gained 10 at 692p in turnover of 4.6m. The stock also benefited from a strong performance on Wall Street. Zeneca also improved, adding 5 at 780p. In spite of announcing consolidation of its R&D operations, SmithKline Beecham "A" lost 2 to 420p.

BP upgraded

Activity was strong in British Petroleum, with the interest, according to several analysts, coming from UK institutions eager to increase weightings in the shares. This, combined with a stock shortage, lifted the shares 9½ to 345½p on heavy volume of 12m.

US interest in the stock has been strong recently and many UK institutions are underweighted in comparison with one estimate putting American holdings of the shares at 27 per cent.



Source: Datastream

The shares were also boosted by an upbeat note from NatWest Securities which said that BP's recovery has further to run in spite of the weak oil price. The broker upgraded its earnings forecast from £220m to £250m for third quarter figures due next week.

Some of the activity in BP was at the expense of Shell which fell back 7 to 702p. Figures for Shell Oil US are due today.

The telecommunications interests of Pittencrieff took the stock to a record high of 400p after it added 26.

The rumour mill continued to surround Lasmo yesterday with the latest stories suggesting that Mr John Walmsley, former finance chief of Enterprise Oil, was in talks with a US consortium over a potential bid for Lasmo. Attention continues to focus on Mr Walmsley after the resignation this week of Lasmo's finance director. The shares closed unchanged at 142p after a brief period at 148p.

Premier, which has had a run of large turnover, enjoyed healthy activity again yesterday at 2.5m. The speculation of a merger with Clyde returned to the market again. The shares closed unchanged at 26½p.

The expectation of good results from the merchant banks which start reporting next month boosted the sector. SG Warburg advanced 23 to 913p, while Mercury Asset Management hardened 9 to 708p. Kleinwort Benson put on 19 to 525p and Hambros gained 17 to 402p.

Among high street banks, TSB firmed 4¼ to 224½p on a view that the recent strength of merchant bank stocks might help it secure a higher price for Hill Samuel, its merchant banking subsidiary that the group is known to want to sell.

National Westminster gave up 8 to 555p after Kleinwort Benson advised investors to switch into Barclays. Shares in the latter improved 8 to 564p.

BZW launched a warrant on Kingfisher, the move helping the shares put on 9 to 659p. The warrant, which allows investors to buy the shares at the price on the day of the warrant's purchase over a set period, cost 78.1p at yesterday's prices.

The strike price of the underlying stock 680p and the excercise period is 18 months. BZW is issuing 50m warrants on a one-for-one excercise basis with the shares. The move coincided with the broker's research team reiterating its positive stance ont he stock.

Guinness, which was the subject of a NatWest warrant last week, continued to improve. US house Lehamn Brothers was said to be positive as the shares added 10 to 433p.

Ahead of meeting with analysts today, Rank Organisation shot forward 24 to 832p. Dealers said the stock had benefited from Xerox Corporation figures in the US.

Third quarter figures from ICI found a positive response in the market and the shares added 13 to 718p in turnover of 4.3m.

However, some analysts still caution that the stock seems overvalued and that the US support it has enjoyed cannot necessarily be relied on.

Shares in troubled defence electronics group Ferranti International retreated 2¼ to 1¾p, after it said it was recommending a 1p-a-share by GEC, as widely predicted by market watchers. Strong two-way business once again brought high turnover of 56.7m, although that figure was lower than Wednesday's total of 82m. Buyers of GEC were seen soon after the announcement and the shares moved 7 ahead to 350p, as dealers talked of the long term asset attractions of the deal.

A return to profits and a hike in the dividend provided the spur for Manganese Bronze and the shares gained 17 to 114p.

Another busy session for Cable and Wireless saw the shares advance 14 to 986p, an all-time high, ahead of today's scrip issue and results next week.

MARKET REPORTERS:
Joel Kibazo,
Christopher Price,
Christine Buckley.

■ Other statistics, Page 30

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (136).
BRITISH FUNDS (1) Conv. 9pc '00, AMERICANS (6) BellSouth, Chrysler, Dana, Dun & Bradstreet, Ford Motor, BANKS (3) ABN, Natl. Australia, Westpac, BREWERS (3) Matthew Clark, Vaux, Wetherspoon (JD), BLDG MATLS (6) Blue Circle 7¾pc PL, Brit. Dredging, CRH, Grafton, Latham (J), Marshalls, CHEMS (3) BTP, Porvair, Yorkshire, CONGLOMERATES (2) Fletcher Challenge, TT, CONTG & CONSTRCN (2) Ashtead, Bellway, ELECTRICALS (1) Motorola, ELECTRICITY (3) Manweb, South Wales, Sth. Western, ELECTRONICS (4) Druck, Kewill Systems, Polar, Pelon, ENG AERO (1) Smiths Inds., ENG GEN (4) Haden MacLellan, PCT, Senior, Syltone, FOOD MANUF (1) Nichols (V), FOOD RETAILING (1) Farepak, HEALTH & HSEHOLD (1) Amersham, HOTELS & LEIS (2) Airtours 6¾pc PL, Mandarin Oriental, INSCE COMPOSITE (1) FAI, INV TRUSTS (26) MEDIA (4) BBB Design, Capital Radio, Flextech, Holmes Marchant, MERCHANT BANKS (4) Hambros, Kleinwort Benson, Thyssen, Warburg (SG), MTL & MTL FORMING (1) Manganese Bronze, MISC (4) Birkby, Black (P), Kershaw (A), Rhino, MOTORS (3) SBA, Kwik-Fit, Trinity, OIL & GAS (5) Aminex, Brit. Borneo, BP, Calor, Woodside, OTHER FINCL (4) Hambro, Sharelink, St James PL, Swire Pacific, OTHER INDLS (3) Ferromet, Vinten, Wilshaw, PACKG, PAPER & PRINTG (3) API, De La Rue, Ferry Pickering, PROP (18) TELE NETWORKS (3) Cable & Wire. 7pc Cv. '08, Securicor N/V, Security Servs., TEXTS (4) Dewhirst, Honeysuckle, Lamont, Wensum, TRANSPORT (3) Assoc. Brit. Ports, Forth Ports, Powell Duffryn, SOUTH AFRICANS (1) Anglo Amer., PLANTATIONS (1) Golden Hope, MINES (5) FS Consld. Gold, Lydenburg, Sons Gwalia, Western Areas, Western Deep.
NEW LOWS (20).
BRITISH FUNDS (4) Treas. 10pc '94, Exch. 12¼pc '94, Treas. 13¼pc '94, Treas. 14½pc '94, BREWERS (1) Macallan-Glenlivet, BUSINESS SERVS (1) Inchcape, CONTG & CONSTRCN (3) BB & EA, Ball (AH), Guardian, ELECTRONICS (1) Ferranti, FOOD RETAILING (4) Iceland, Kwik Save, Low (Wm), Sainsbury, HOTELS & LEIS (1) Euro Disney, INV TRUSTS (2) Dunedin Japan, Perpetual Japanese, MISC (1) Amberley, TEXTS (3) Campari, Martin Intl.

FINANCIAL TIMES EQUITY INDICES

	Oct 28	Oct 27	Oct 26	Oct 25	Oct 22	Year ago	*High	*Low
Ordinary share	2393.5	2383.6	2381.5	2395.9	2409.5	1948.7	2414.2	2124.7
Ord. div. yield	3.88	3.89	3.89	3.87	3.85	4.67	4.52	3.82
Earning yld % full	4.50	4.51	4.51	4.49	4.47	5.62	6.36	4.47
P/E ratio net	28.00	27.90	27.93	28.06	28.20	19.28	28.30	19.40
P/E ratio nil	25.82	25.73	25.76	25.88	26.00	17.82	28.14	18.14
Gold Mines	226.5	221.3	218.8	229.1	221.6	73.9	249.2	60.0

*for 1993. Ordinary share index since compilation: high 2414.2 31/8/93 - low 49.4 26/6/40
Gold Mines Index since compilation high: 734.7 15/2/83 - low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2384.6	2389.6	2387.8	2389.5	2385.8	2385.5	2381.1	2390.1	2393.0	2395.2	2378.8

Volume	Oct 28	Oct 27	Oct 26	Oct 25	Oct 22	Year ago
SEAQ Bargains	36,430	30,651	29,099	32,442	34,422	23,526
Equity Turnover(£m)†	-	1308.5	1267.3	1175.3	1645.1	1267.1
Equity Bargains†	-	32,558	32,472	35,666	38,821	26,049
Shares traded (mil)†	-	597.5	518.1	465.3	618.6	489.6

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

EQUITY FUTURES AND OPTIONS TRADING

STOCK index futures challenged the 3,200 level after a strong advance on Wall Street which brought a sharp turnround in what had otherwise been a dull derivatives sector, writes Joel Kibazo.

Sporadic selling followed what had been a fairly subdued opening for the December contract on the FT-SE 100 at 3,174. That selling soon developed into more general profit-taking which drove the contract lower.

An early attempt at a rally ran out of steam when US houses turned sellers of the contract after the release of US GDP figures. Some had expected the figure to be higher than the 2.8 per cent increase it recorded and December fell to the day's low of 3160.

However, the strong recovery in US bonds that brought a better than expected opening on Wall Street enticed buyers in London causing a reversal in December's fortunes. It advanced to the day's high of 3,196 in the last hour of trading before a bout of profit taking in the dying minutes saw it finish below its peak.

December finished at 3,185, around 5 points ahead of its estimated fair value premium to cash of 15. Volume was 9,230.

Traded options had a less active session and volume slipped back to 37,470 contracts. However, turnover in the FT-SE 100 option improved at 10,572. Wellcome was the most active stock option after disappointing figures.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
3163.0 +8.7	3532.4 -4.7	1562.82 +2.69

	Oct 28	Day's change %	Oct 27	Oct 26	Oct 25	Year ago	Dividend yield %	Earnings yield %	P/E Ratio	Xd adj ytd	Total Return
FT-SE 100	3163.0	+0.3	3154.3	3185.3	3184.8	2842.3	3.72	5.41	22.95	84.68	1152.72
FT-SE Mid 250	3532.4	-0.1	3537.1	3545.0	3547.0	2513.8	3.44	5.62	21.64	83.22	1274.98
FT-SE Mid 250 ex Inv Trusts	3532.9	-0.1	3537.4	3543.6	3545.6	2518.5	3.55	6.04	20.32	85.55	1270.85
FT-SE-A 350	1578.2	+0.2	1575.3	1580.3	1580.1	1274.5	3.66	5.46	22.65	41.11	1178.01
FT-SE SmallCap	1803.69	—	1804.27	1804.59	1804.23	–	3.06	3.79	36.23	37.58	1362.11
FT-SE SmallCap ex Inv Trusts	1787.48	—	1788.27	1788.05	1787.92	–	3.26	4.21	33.67	39.65	1351.70
FT-A ALL-SHARE	1562.82	+0.2	1560.13	1564.82	1572.00	1250.26	3.62	5.36	23.19	40.21	1167.23
1 CAPITAL GOODS(215)	1075.30	+0.3	1072.14	1073.32	1078.29	755.30	3.80	3.93	33.32	29.87	1275.35
2 Building Materials(28)	1209.06	+0.4	1204.51	1212.80	1220.76	750.06	3.79	2.85	51.02	32.06	1413.04
3 Contracting, Construction(29)	1053.62	-0.3	1056.54	1054.84	1060.07	634.93	3.01	1.28	80.00†	23.94	1471.86
4 Electricals(15)	2995.15	-0.3	3004.68	2997.45	2987.42	2018.09	4.62	3.53	34.87	105.80	1226.65
5 Electronics(36)	2900.91	+1.0	2872.51	2860.81	2878.87	2048.53	3.01	5.74	21.32	65.49	1271.54
6 Engineering-Aerospace(7)	443.91	+0.5	441.82	442.83	443.88	282.74	3.28	‡	‡	10.07	1548.20
7 Engineering-General(49)	622.96	+0.4	620.63	625.73	624.01	440.53	3.61	6.56	21.93	15.39	1255.36
8 Metals & Metal Forming(9)	496.47	+0.6	493.52	496.05	493.57	273.56	2.17	‡	‡	6.92	1570.24
9 Motors(20)	454.00	+0.4	452.40	462.43	447.11	312.16	4.84	4.17	33.07	19.41	1278.71
10 Other Industrials(19)	2134.51	-0.1	2137.38	2131.65	2143.17	1744.78	4.65	5.87	20.10	70.88	1113.43
21 CONSUMER GROUP(240)	1725.61	-0.2	1729.46	1739.36	1753.23	1647.06	3.41	6.62	18.59	40.57	1010.16
22 Brewers and Distillers(29)	1897.57	+0.9	1880.29	1885.02	1900.57	1947.01	3.83	8.06	14.98	48.49	931.98
25 Food Manufacturing(24)	1377.28	—	1377.32	1376.96	1379.72	1266.85	3.70	6.89	17.27	33.87	1068.40
26 Food Retailing(17)	2571.11	-3.1	2653.87	2687.51	2685.34	2918.37	3.87	10.11	12.28	59.53	909.08
27 Health & Household(31)	3724.15	-0.8	3754.61	3805.56	3889.44	4321.83	3.66	6.16	18.93	89.56	899.71
29 Hotels and Leisure(20)	1405.62	+0.6	1398.64	1395.07	1396.26	1122.63	4.18	5.84	21.42	53.05	1143.45
30 Media(34)	2207.20	—	2206.66	2223.74	2215.91	1601.25	2.35	4.62	28.15	38.30	1234.16
31 Packaging and Paper(26)	897.57	+0.4	894.14	893.96	896.89	729.83	3.31	5.18	23.39	21.95	1180.96
34 Stores(36)	1314.40	+0.4	1309.55	1312.20	1321.80	1049.18	2.80	5.32	23.66	24.64	1158.92
35 Textiles(20)	868.57	-0.3	871.16	869.66	871.17	689.65	3.59	5.41	23.27	21.94	1195.58
40 OTHER GROUPS(143)	1693.06	+0.3	1688.43	1691.40	1692.43	1313.01	3.85	6.50	18.57	43.96	1214.78
41 Business Services(27)	1642.28	-0.8	1655.43	1659.11	1665.37	1404.66	2.74	7.25	15.67	31.29	1101.60
42 Chemicals(24)	1576.31	+0.8	1563.65	1568.88	1576.53	1329.81	4.15	0.38	‡	47.87	1143.89
43 Conglomerates(11)	1616.04	+0.2	1612.94	1615.79	1610.35	1323.07	4.76	6.44	17.51	48.48	1209.33
44 Transport(16)	3230.56	—	3231.95	3226.53	3246.46	2477.22	3.59	4.03	29.30	89.51	1207.54
45 Electricity(17)	2212.54	—	2213.56	2219.78	2200.94	1402.80	3.59	10.25	12.12	63.67	1466.65
46 Telephone Networks(4)	2052.84	+0.7	2048.23	2046.03	2035.25	1506.13	3.29	5.26	23.25	34.68	1249.57
47 Water(13)	3748.19	-1.2	3791.16	3816.91	3874.00	3089.99	4.75	11.53	9.58	106.71	1192.10
48 Miscellaneous(31)	2500.06	+1.4	2465.75	2472.62	2503.88	2239.78	4.61	7.37	16.25	83.01	1048.63
49 INDUSTRIAL GROUP(597)	1564.66	+0.1	1563.67	1569.25	1576.19	1316.06	3.84	5.99	20.41	39.42	1123.44
51 Oil & Gas(17)	2806.63	+0.5	2791.92	2796.68	2817.77	2120.84	4.01	5.70	21.94	84.22	1299.61
59 "500" SHARE INDEX(615)	1672.17	+0.1	1670.43	1675.96	1683.85	1390.35	3.88	5.95	20.57	43.04	1141.09
61 FINANCIAL GROUP(91)	1217.16	+0.6	1210.35	1211.70	1217.70	810.59	3.56	3.09	48.04	33.58	1442.66
62 Banks(9)	1670.78	+0.7	1658.43	1657.36	1669.20	1110.16	3.22	3.76	36.62	45.27	1452.16
65 Insurance (Life)(6)	2203.86	+0.5	2193.97	2230.80	2231.59	1600.73	4.17	4.35	28.88	73.50	1302.43
66 Insurance (Composite)(7)	735.39	+0.4	732.33	731.90	737.82	578.56	4.58	‡	‡	28.54	1223.19
67 Insurance Brokers(10)	862.65	+0.4	858.90	865.46	869.16	794.56	4.55	4.85	30.11	26.42	1152.78
68 Merchant Banks(6)	864.16	+2.1	846.68	843.96	849.79	476.68	2.68	5.30	23.39	15.40	1783.22
69 Property(30)	1116.95	-0.2	1119.22	1117.20	1113.97	590.43	3.63	3.60	38.50	23.29	1796.10
70 Other Financial(23)	466.31	-0.3	467.72	467.28	467.74	257.61	3.42	5.02	28.31	10.58	1560.58
71 Investment Trusts(111)	1761.12	-0.1	1762.89	1771.06	1771.36	1212.33	2.34	1.67	53.44	28.48	1345.35
99 FT-A ALL-SHARE(817)	1562.82	+0.2	1560.13	1564.82	1572.00	1250.26	3.62	5.36	23.19	40.21	1167.23

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3152.6	3157.9	3156.4	3159.7	3154.1	3154.7	3150.2	3161.5	3165.7	3166.9	3146.5
FT-SE Mid 250	3534.1	3534.4	3535.7	3535.7	3533.3	3533.2	3530.1	3532.2	3532.6	3536.8	3530.1
FT-SE-A 350	1574.3	1576.4	1576.0	1577.2	1574.8	1575.1	1573.0	1577.6	1578.3	1579.8	1571.8

Time of FT-SE 100 high: 3.16 pm low: 1.25 pm

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Constrcn	2018.2	2018.2	2017.5	2017.5	2016.4	2016.4	2016.4	2016.4	2017.7	2016.7	2024.1	-7.4
Health & H	1124.2	1128.1	1126.9	1124.5	1120.6	1121.2	1120.4	1127.3	1126.0	1123.6	1133.0	-9.4
Water	1563.0	1565.1	1564.2	1558.1	1553.0	1552.5	1550.6	1550.6	1548.5	1547.1	1566.0	-18.9
Banks	2016.4	2020.0	2018.8	2020.8	2020.8	2025.5	2018.7	2027.1	2032.2	2030.8	2015.8	+15.0

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address.
The increase in the size of the FT-Actuaries All-Share Index from January 4 1993 means that the FT 500 now contains more stocks. It has been renamed the FT "500". † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.
The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules.

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LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or –	1993 high	1993 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
Treas 13¼pc 1993‡‡	100⅜xd	—	100¾	100⅜	13.67	5.51
Treas 8½pc 1994	100⅞	—	102⅞	100⅞	8.43	5.51
14½pc 1994‡‡	103⅛	-⅛	109¾	103⅛	14.08	5.32
Exch 13½pc 1994	104	-⅛	109⅛	104	12.98	5.34
Treas. 10pc Ln. 1994‡‡	102⅞	-⅛	106⅜	102⅞	9.73	5.35
Exch 12½pc 1994	105⅝	-⅛	110⅛	105⅝	11.82	5.28
Treas 9pc 1994‡‡	103⅝xd	-⅛	105⅝	103⅝	8.67	5.30
12pc 1995	107⅞	-⅛	111⅞	107⅜	11.12	5.30
Exch 3pc Gas 90-95	97⅞xd	-⅛	97¾	94	3.07	4.57
10¼pc 1995	107⅞	—	109⅞	107⅛	9.40	5.36
Treas 12¾pc 1995‡‡	113⅞xd	—	116⅝	113½	11.19	5.47
14pc 1996	117⅞	—	125⅜	117⅛	11.93	5.80
15¼pc 1996‡‡	122⅛xd	—	128⅜	121⅝	12.48	5.65
Exch 13¼pc 1996‡‡	117¾xd	—	120⅞	115¼	11.26	5.80
Conversion 10pc 1996	111½xd	—	112⅜	106⅞	8.97	5.82
Treas 13¼pc 1997‡‡	126⅞	—	122⅞	118½	10.85	5.99
Exch 10½pc 1997	113⅝	-⅛	114⅛	110⅛	9.26	5.97
Treas 8¾pc 1997‡‡	109⅛	-⅛	109⅞	105⅛	8.01	6.02
Exch 15pc 1997	130⅞	-⅛	132⅞	127⅞	11.40	6.22
9¾pc 1998	112⅞	-⅛	113⅞	109⅛	8.66	6.23
Treas 7¼pc 1998‡‡	104⅛	-⅛	104⅞	99⅞	6.96	6.13
7¼pc 1998 B‡‡	104⅛	-⅛	104⅞	101⅞	6.96	6.15
Treas 6¾pc 1995-98‡‡	101⅛xd	-⅛	101⅞	97⅞	6.95	5.84
14pc '96-1	129¼xd	+⅛	129⅞	125⅛	10.83	6.46
Five to Fifteen Years						
Treas 15½pc '98‡‡	137⅞	+⅛	138⅞	133⅞	11.24	6.37
Exch 12pc 1998	123⅞xd	—	124¼	118⅞	9.72	6.48
Treas 9½pc 1999‡‡	113⅞	-⅛	114⅛	108⅛	8.38	6.41
Exch 12¼pc 1999	125⅞	-⅛	126⅞	120⅜	9.76	6.55
Treas 10½pc 1999	118⅞xd	-⅛	118⅞	112⅞	8.87	6.49
Treas Fltg Rate 1999 (£50pd)‡‡	49⅞	—	49⅞	49⅞	6.08	6.27
Conversion 10¼pc 1999	118⅞xd	-⅛	118⅞	112⅞	8.66	6.53
9pc 2000‡‡	112⅞	-⅛	113⅞	108	7.98	6.49
Treas 13pc 2000	133⅛	-⅛	133⅞	125½	9.77	6.78
10pc 2001	118⅛	-⅛	118⅞	109⅞	8.45	6.76
7pc '01 ‡‡	103	—	103⅞	97⅞	6.99	6.64
9¾pc 2002	118⅞	—	118⅞	108⅞	8.24	6.81
8pc 2003‡‡	106⅛	+⅛	106⅞	97⅞	7.46	6.82

BRITISH FUNDS - Cont.

Notes	Price £	+ or –	1993 high	1993 low	Yield Int.	Yield Red.
8pc 2003 A‡‡	106⅛	+⅛	106⅞	102⅞	7.48	6.82
10pc 2003	121⅛	+⅛	122⅞	109⅞	8.25	6.95
Treas 11½pc 2001-4	125⅛	+⅛	128⅞	116⅞	9.18	7.03
Funding 3½pc '99-4	80½	+⅛	81⅞	67⅞	4.36	5.97
Conversion 9½pc 2004	118⅞xd	—	129⅛	105⅞	8.01	7.01
Treas 6¾pc 2004	49⅞	+⅛	80⅛	47⅞	6.82	6.87
9½pc 2005	118⅞	+⅛	120⅞	105⅞	7.99	7.05
Treas 12½pc 2003-5	136⅞xd	+⅛	138⅛	124⅞	9.14	7.26
7¾pc 2006‡‡	105⅞	+⅛	106⅞	94⅞	7.34	7.07
8pc 2002-6‡‡	106⅛	+⅛	107⅛	94⅞	7.54	7.03
Treas 11¾pc 2003-7	129⅞	+⅛	131⅛	118⅞	9.04	7.22
Treas 8½pc 2007‡‡	111⅛	+⅛	112⅞	97⅞	7.62	7.14
8½pc 2007 C (£60)‡‡	63⅛	+⅛	64⅛	59⅞	7.82	7.15
13½pc '04-8	144⅞	+⅛	146⅛	131⅛	9.32	7.26
Over Fifteen Years						
Treas 8pc 2008‡‡	116⅛	+⅛	117⅞	101¼	7.73	7.16
9pc 2008	107⅞	-⅛	108⅞	92⅛	7.47	7.18
Conv 9pc Ln 2011‡‡	117⅛	+⅛	118⅞	100½	7.88	7.21
9pc 2011 D (£50)‡‡	50⅞	+⅛	52⅛	49⅞	8.83	7.22
Treas 9pc 2012‡‡	118⅛	+⅛	119⅞	100⅛	7.81	7.19
Treas 5½pc 2008-12‡‡	86⅞	—	87⅞	78⅛	6.33	6.79
Treas 8pc 2013‡‡	108⅛	+⅛	109⅛	93⅞	7.36	7.18
7¾pc 2012-15‡‡	106⅞	-⅛	107⅞	90⅞	7.27	7.12
Treas 8¾pc 2017‡‡	117⅞	+⅛	118⅞	97⅞	7.44	7.17
Exch 12pc '13-'17	148⅞	+⅛	149⅞	125⅞	8.09	7.34
Undated						
Consols 4pc	53⅞	-⅛	54⅞	43⅞	7.48	–
War Loan 3½pc‡‡	48⅞xd	-⅛	49⅛	38⅞	7.34	–
Conv 3½pc '61 Aft.	66⅞	+⅛	67⅛	60⅞	5.25	–
Treas 3pc '66 Aft.	40⅞	-⅛	40⅞	33½	7.43	–
Consols 2½pc	34½	-⅛	35⅞	28⅞	7.25	–
Treas. 2½pc	33⅞	-1	34⅞	27⅞	7.43	–

BRITISH FUNDS - Cont.

Notes	Price £	+ or –	1993 high	1993 low	Yield (1)	Yield (2)
Index-Linked (b)						
Treas. 2pc '94 (102.9)	135⅞xd	—	136⅞	131⅞	–	–
2pc '96 (67.9)	202⅞	-⅛	203⅞	194⅞	1.27	2.19
4⅝pc '98‡‡ (135.6)	111⅞xd	+⅛	112⅞	105⅞	1.84	2.29
2½pc '01 (78.3)	171⅞	—	172⅞	159	2.48	2.87
2½pc '03 (78.8)	168⅞xd	+⅛	169¼	155	2.68	2.99
4⅛pc '04‡‡ (135.6)	114⅞	+⅛	115⅞	105½	2.74	3.03
2pc '06 (69.5)	178⅞	+⅛	179⅞	159¼	2.73	2.96
2½pc '09 (78.8)	162⅞xd	—	163⅞	144	2.80	3.11
2½pc '11 (74.6)	169⅞	—	170¼	149⅞	2.95	3.14
2½pc '13 (89.2)	139⅞	-⅛	140⅞	122⅞	2.99	3.16
2½pc '16 (81.6)	150⅞	—	151⅞	130⅞	3.02	3.18
2½pc '20 (83.0)	145⅞	-⅛	146⅞	124⅞	3.07	3.21
2½pc '24‡‡ (97.7)	122⅞	+⅛	123⅞	102⅞	3.09	3.19
4⅛pc '30‡‡ (135.1)	122⅞	+⅛	123⅞	103¼	3.08	3.21

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for February 1993: 138.8 and for September 1993: 141.9.

OTHER FIXED INTEREST

Notes	Price £	+ or –	1993 high	1993 low	Yield Int.	Yield Red.
African Dev 11¼ 2010	133⅞	-⅛	135	115⅞	8.32	7.46
Asian Dev 10¼pc 2009	125⅛	+⅛	126⅞	106⅞	8.19	7.46
B'ham 11½pc 2012	131½	—	131¼	114	8.75	8.22
Ireland Cap 8½pc '10	109½	-1	120	95	7.83	–
9pc Cap 1996	101½	-1	116	97½	8.90	–
13pc '97-2	113⅞	-1	130	110	11.47	–
Hydro Quebec 15pc 2011	159⅞	+⅛	162⅞	139⅛	9.38	8.41
Leeds 13½pc 2006	143¼	—	143¾	126	9.42	8.11
Liverpool 3½pc Irred	42	—	42	34	8.33	–
LCC 3pc '20 Aft.	38	—	38	30½	7.89	–
Manchester 11½pc 2007	129½	—	129¼	114	8.95	8.10
Met. Wtr. 3pc 'B'	74	—	74	63¼	4.05	6.75
N'wide Anglia 3⅝pc 2021	143¼	—	143¾	117½	–	3.88
4⅛pc IL 2024	138	—	138	115½	–	3.82
Utd Mex States 16½pc 2008	140½	—	140¾	132¼	11.84	–

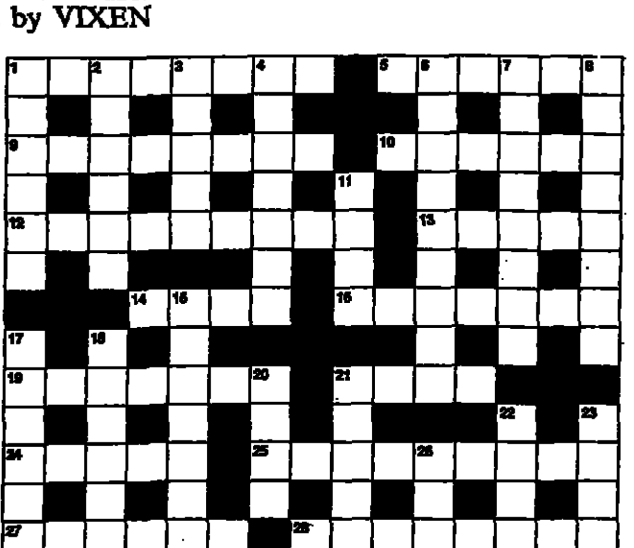
Continued on next page

CROSSWORD

No.8,292 Set by VIXEN

ACROSS
1 Read poetry and talk (8)
5 Check the beastly joint! (6)
9 They'll get the leavings (8)
10 A key is left also (6)
12 Critical of racialist broadcast (9)
13 He's always prepared to take part! (5)
14 Beautiful stone work by a trainee (4)
16 Medicos turn in a little solemn (7)
19 Bovine creatures set at odds, being most fastidious (7)
21 A university person, dry and really dull (4)
24 Putting a couple of points, expected award (5)
25 Seamen or crooked characters taking all in (9)
27 Make an effort for the family (6)
28 A writer offering serving men a drink (8)
29 The environment that's gone on changing (3-3)
30 Petty cash book to safeguard (8)

DOWN
1 The carriage of state remains (6)
2 Deny seeing directions over the entry (6)
3 He dines in style, has maybe a terrine (5)
4 Sent out about 1-50 by design (7)
6 Will's trial meant trouble (9)
7 A little splinter group formed without the right (8)
8 Finish with wrong-doers as recommended (8)
11 The appeal of quiet meadowland (4)
15 Leading coppers falling back (9)
17 Irrationality of a French male about a child (8)
18 An oriental bigwig ran in mad scramble (8)
20 Drop the rent (4)
21 A therapist many like rues retiring (7)
22 Fire the fellow at the end of November (6)
23 Look round about tea-time or go hungry (6)
26 Overcharges men on the board (5)



Solution 8,291

M	I	S	C	H	I	E	F	■	A	M	E	N	D	S
A	■	U	■	E	■	N	■	■	■	E	■	I	■	T
N	U	M	E	R	A	L	S	■	T	A	N	G	L	E
G	■	M	■	O	■	I	■	F	■	N	■	H	■	A
L	E	A	R	N	■	V	A	L	I	D	A	T	E	D
E	■	R	■	■	■	E	■	A	■	E	■	■	■	I
■	K	I	T	T	E	N	■	G	A	R	B	A	G	E
F	■	L	■	E	■	■	■	■	■	E	■	G	■	S
A	B	Y	S	M	A	L	■	F	E	D	O	R	A	■
I	■	■	■	P	■	A	■	I	■	■	■	O	■	P
R	E	N	D	E	R	I	N	G	■	S	E	P	I	A
W	■	O	■	R	■	D	■	H	■	C	■	O	■	N
A	N	I	M	A	L	■	S	T	A	R	T	L	E	D
Y	■	S	■	T	■	■	■	E	■	A	■	I	■	A
S	T	E	W	E	D	■	P	R	O	M	I	S	E	S

JOTTER PAD

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs		18½xd	-⅛	20⅞	15⅝	18,493	2.5
Allegheny & W	♥	634p	+11	722p	399p	306.9	3.7
Amdahl		322p	+5	591p	294p	361.6	1.0
Amer Cyanamid		38½	-⅛	39	31¾	3,279	3.2
Amer Express		22xd	—	25⅞	14⅞	10,567	3.0
Amer T & T		39⅛xd	-⅛	43¼	33⅛	52,639	2.3
Ameritech		57⅞	+⅛	58¾	46	25,120	4.3
Anheuser-Busch		32⅛	-⅜	41¼	29⅛	8,880	3.0
BankAmerica		29⅝xd	+⅛	39⅛	27⅛	10,178	3.3
Bankers NY		53⅝xd	—	64⅛	42⅝	4,426	3.9
Bell Atlantic		42½	+¼	44¾	32¼	18,475	4.2
BellSouth		42⅛	+⅛	42⅛	32⅞	20,871	4.4
Bethlehem Steel	♥	11¼xd	-½	13¾	8½	1,018	-
Bowater		1304pxd	+12	1682p	1189p	472.5	3.1
CPC		32⅛xd	+⅛	34⅞	28	4,969	2.6
California Engy		1168p	—	1479p	1085p	212.3	-
Chase Manhattan		22xd	-⅞	34⅞	17⅞	3,434	3.7
Chrysler		37¼xd	+⅛	37¼	21⅛	10,908	1.1
Citicorp		24xd	-⅛	26	13⅞	8,773	-
Colgate-Palm		39⅛xd	+⅞	46⅛	32	6,356	2.4
Cont'l Bank		1758p	—	1877p	1276p	1,774	2.3
Dana		39⅛xd	+⅛	39⅛	29⅛	1,818	2.7
Data General		635p	+10	951p	527p	175.2	-
Decora Inds	♥	88p	—	148p	98p	-	-
Dun & Brad		44⅛	+⅛	44⅛	37⅛	7,979	3.7
Eaton		35⅞	—	35⅞	25⅞	2,495	2.2
Echlin		21¼xd	-¼	22	15⅛	1,267	2.2
FPL		26⅜xd	+⅛	27⅞	23⅛	4,982	6.1
Ford Motor		40¼xd	+½	40¼	28⅞	20,048	2.6
Gen Elect		65¼xd	+⅜	67⅛	53⅜	56,153	2.6
General Host	♥	491p	-7	723p	456p	-	4.8
Gillette		40⅛xd	-⅛	42⅞	31⅞	8,857	1.4
Hasbro		20⅞	—	20⅞	20⅛	1,819	0.8

BUSINESS SERVICES

ELECTRICALS - Cont.

ENGINEERING-GENERAL - Cont.

HOTELS & LEISURE - Cont.

INVESTMENT TRUSTS - Cont.

CANADIANS

BANKS

CHEMICALS

ELECTRICITY

FOOD MANUFACTURING

INSURANCE BROKERS

INSURANCE COMPOSITE

ELECTRONICS

INSURANCE LIFE

INVESTMENT TRUSTS

CONGLOMERATES

FOOD RETAILING

BREWERS & DISTILLERS

HEALTH & HOUSEHOLD

CONTRACTING & CONSTRUCTION

ENGINEERING-AEROSPACE

BUILDING MATERIALS

ENGINEERING-GENERAL

HOTELS & LEISURE

ELECTRICALS

مكتبة الأصل

INVESTMENT TRUSTS - Cont.

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

INVESTMENT COMPANIES

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✽ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- § Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♦ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IIMR 'Headline Earnings' draft proposals.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. *Ring* 081 643 7181 (open 24 hours including weekends) or fax 081 770 3822, quoting the code FT3973. [If calling from outside UK, dial +44 81 643 7181 or fax +44 81 770 3822] Reports will be sent the next working day, subject to availability. If faxing please remember to state the weekly changing FT code above and also your post code.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Unit Trust Managers Limited (1000)F						
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783						
AIB Grofund American	5	163.0	164.6	173.3	+0.40	0.00
AIB Grofund Equity	5	232.8	235.9	249.6	+0.10	1.64
AIB Grofund Euro	5	189.6	191.7	201.4	-1.00	0.10
AIB Grofund Exempt Balanced	3	113.0	116.5	119.6	+0.80	1.00
AIB Grofund Gilt	3	79.55	79.56	82.02	-0.25	4.72
AIB Grofund Japan	5	176.4	178.0	187.4	-2.30	0.00
AXA Equity & Law Unit Tst Mngrs (1200)H						
Equity & Law Hse, Corpn St, Coventry 0203 553231						
General Inc	5	461.4	462.9xd	492.5	-2.2	2.34

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
CIS Unit Managers Ltd (1000)F						
PO Box 105, Manchester M60 4AH 061-837 5060						
Environ	6	142.6	145.4	154.7	-0.80	1.47
UK Growth	6	158.0	160.1	170.4	-0.60	1.94
UK Income	6	132.4	133.8xd	142.5	-0.40	3.94
Canada Life Unit Tst Mngrs Ltd (1200)F						
High St, Potters Bar, Herts, EN6 5BA 0707 651122						
Can Gen Dist	6	183.0	185.9	197.0	-1.1	1.83
Do Gen Accum	6	341.2	346.7	367.6	-2.0	1.83
Do Income Dist	6	109.3	111.7xd	118.4	-0.2	4.51
Do Inc Accum	6	317.7	324.6	344.1	-0.6	4.51
Gilt & Fxd Int	6	43.35	43.40	46.00	-0.38	8.04
Cannon Lincoln Fd Mngrs Ltd (1200)H						
1 Olympic Way, Wembley, HA9 0NB 081-902 8876 Dealing: 0800 282621						
Growth	5½	47.77	48.12	51.47	-0.08	3.24
Income	5½	58.11	59.77	63.93	-0.11	3.72

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Exeter Fund Managers Ltd (1400)F						
23 Cathedral Yard, Exeter EX1 1HB 0392 412144						
Balanced ♥	5¼	118.30	118.30	125.61	-0.40	4.98
Capital Growth	6	74.12	75.47xd	82.07	-0.44	-
Fd of Inv Tsts	5½	40.79	41.38	44.14	-0.15	0.25
High Income	5½	47.25	48.37xd	51.60	-0.18	8.58
Warrant ♥	6	54.77	56.36xd	61.27	-0.26	0.00
Zero Preference ♥	5	36.42	36.78	39.03	-0.02	0.00
Family Investment Mngmt Ltd (1000)F						
16 West Street, Brighton BN1 2RE 0273 220707						
Family Asset Tst	6	71.00	71.44	76.00	—	2.82
Family Income Trust	6	50.18	50.70xd	53.94	—	6.21
Family Trust	5	78.23	80.12	85.23	—	1.94
United Charities	5	233.6	235.3xd	250.3	—	3.81
Fidelity Investment Servs Ltd (1200)F						
130, Tonbridge Rd, Tonbridge TN11 9DZ						
Callfree: Private Clients 0800 414161 Broker Dealings 0800 414181						

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

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هكذا من الأصل

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

State Street Unit Trust Mngmt Ltd (1400)F

28 King Street, London SW1 6QW

Stewart Ivory Unit Tst Mgrs Ltd (1200)F

45 Charlotte Sq, Edinburgh

Sun Alliance Unit Tst Mngmt Ltd (1200)F

Jupiter Merlin Unit Trust Managers Ltd

Lazard Brothers & Co. Ltd

Lazard Investors Ltd ‡

Local Authorities Mutual Invest. Tst.*

2 Fore Street, London EC2Y 5AQ

M & G Securities Ltd

Morgan Grenfell Investment Funds Ltd

Morgan Stanley International

INSURANCES

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

	Bid Price	Offer Price	+ or -	Yield Gross
Prudential Assurance Co				
Holborn Bars, London EC1N 2NH 071-405 9222				
Prufund				
Managed Oct 27	328.4	342.1	—	-
Prudential Corporate Pension Funds				
58 King's Road, Reading RG1 3AH 0734 494652				
Prudential Managed Funds				
Discretionary Oct 27	£256.85	284.97	+1.81	-
Equity Oct 27	£280.53	295.58	+2.79	-
International Oct 27	£43.84	44.88	-0.07	-
Int'l Bond Oct 27	£21.85	22.13	+0.06	-
Fixed Int Oct 27	£135.20	138.73	+0.65	-
Index Linked Oct 27	£98.42	99.83	+0.32	-
Property Oct 27	£117.00	123.99	+1.18	-
Cash Oct 27	£34.17	34.17	+0.04	-
Pru-Linked Retirement Plan				
Managed Oct 27	608.40	633.80	+7.70	-
Cash Oct 6	308.90	321.80	+0.30	-
Prudential Pensions Investment Account				
Pens Mngd	242.30	260.60	-1.60	-
Pens Mngd A	108.40	114.20	-0.70	-
Pens UK Eq	409.20	441.70	-3.00	-
Pens Intl	312.30	334.60	-1.90	-
Pens Global Eqty	137.80	145.20	-1.00	-
Pens Fixed	302.50	318.30	-0.30	-
Pens Index Lk	247.70	261.40	+0.10	-
Pens Property	92.80	97.70	—	-
Pens Cash	201.50	212.30	+0.03	-
Money Purchase Plan				
Discretionary (z)	138.40	148.40	-0.90	-
Equity (z)	142.30	153.20	-0.80	-
International (z)	141.50	151.00	-1.30	-
Global Equity (z)	141.40	151.70	-1.10	-
Int'l Bond (z)	153.30	161.40	+0.80	-
Fixed Interest (z)	151.10	158.80	-0.90	-
Index Linked (z)	135.70	142.80	-0.40	-
Property (z)	106.10	116.80	+1.00	-
Cash (z)	116.70	122.50	—	-

	Bid Price	Offer Price	+ or -	Yield Gross
Scottish Amicable - Contd.				
Others				
Capital Guarantee Bond	108.2	113.9	+0.90	-
Scottish Equitable Life Assce. Soc.				
28 St Andrew Sq, Edinburgh 031-556 9101				
Mixed	246.6	259.6	-0.1	-
UK Equity	235.9	248.3	+1.0	-
International	248.9	262.0	-0.6	-
American	256.6	269.1	+2.4	-
European	234.4	246.7	-0.4	-
Japan	239.7	252.3	-3.3	-
Pacific	360.1	379.1	+1.7	-
Technology	328.8	346.1	+2.8	-
Fixed Interest	181.1	190.6	-1.3	-
Indexed Linked	164.9	173.6	-0.8	-
Foreign Bond/Currency	232.0	244.2	-0.1	-
Cash	176.114	184.331	+0.019	-
Ethical	126.5	133.1	+0.1	-
Pens Mixed	717.9	755.7	-0.3	-
Pens UK Equity	805.3	847.6	+3.9	-
Pens International	775.8	816.7	-0.7	-
Pens Nth American	256.4	269.9	+2.9	-
Pens European	277.4	292.0	-0.9	-
Pens Japan	287.8	303.0	-3.7	-
Pens Pacific	464.1	488.5	+6.4	-
Pens UK Fixed Interest	376.7	396.5	-1.0	-
Pens Index Linked	204.7	215.5	-1.1	-
Pens Cash	279.022	294.339	+0.040	-
Pens Property	216.03	227.40	—	-
Pens Ethical	164.3	172.9	+0.1	-
Edinburgh Inv	379.5	399.5	-1.2	0
Baillie Gifford Japan	245.6	258.4	-3.5	-
Pens Global	98.2	103.5	-0.2	-
Pens Emerg Mkts	110.2	116.0	+1.6	-
Pens Overseas Bond	96.4	101.5	—	-
Pens UK Smaller Cos	-	-	—	-
Scottish Life Investments				
19 St Andrew Square, Edinburgh 031-225 2211				

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IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

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JERSEY (SIB RECOGNISED)

IRELAND (REGULATED)(**)

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Lloyds Bank (CI) U/T Mgrs.

Midland Bank Fund Managers (Jersey) Ltd

Prudential Fund Managers (Jersey) Ltd

Bank Von Ernst & Cie AG - Contd.

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JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGE

Dollar swings after GDP data

THE data on US economic growth eagerly awaited all week by international investors caused few surprises. But the dollar subsequently swung sharply against the D-Mark reflecting comments from the Bundesbank and the US Federal Reserve *writes Peter John.*

Elsewhere, the French franc weakened the Portuguese escudo was supported by intervention and sterling gained ground.

US Gross Domestic Product showed a rise of 2.8 per cent in the third on an annualised basis.

This was slightly higher than the broad consensus figure of 2.7 per cent but the range of forecasts was wide and there was nothing to justify a significant shift in the US currency.

When the statistics were released, however, the dollar jumped a pfennig to hit a high of DM1.6920. It appeared that some relief over the data was compounded by a comment from Mr Edgar Meister, a member of the German Bundesbank council, suggesting that lower German interest rates were still on the agenda. This defused the impact of comments on Wednesday by Mr Hans Tietmeyer, the head of the Bundesbank, who said he saw no reason for a further rate cut for the time being.

Shortly afterwards, a Federal Reserve official said the growth rates for GDP in the fourth quarter was likely to be lower than in the third. Many economists had expected a steady rise and the comments sent the dollar back to close at DM1.6735 from DM1.6805.

The German currency was broadly stronger in Europe as a result of technical adjustments and political factors although it lost some strength after Mr Meister's comments.

The D-Mark rose above FFr3.50 against the French franc. Worries that the Air France strike would spill over into other areas of the public sector were compounded by growing doubts over the leadership of Mr Edouard Balladur, the Conservative prime minister. A French public opinion poll taken before Mr Balladur ceded to Air France union demands showed that only 46 per cent of those asked approved of him rather than 56 per cent a month earlier.

Also, there are worries over French unemployment ahead of due tomorrow. The franc closed at FFr3.4990 to the D-Mark, down from FFr3.4970.

The D-Mark gained against the lira as the Italian government called a confidence vote on a minimum tax for the self-employed. The Lira hit L976.50 to the D-Mark and closed at L972.0 down from L971.4.

The Portuguese escudo was also under pressure and the Portuguese central bank was said to be intervening to support the currency around Es103 to the D-Mark.

Sterling rose but failed to break through DM2.50. There were suggestions that German bond funds which have big holdings of gilts might have been hedging their investments by selling the pound.

£ IN NEW YORK

Oct 28	Latest	Previous Close
£ Spot	1.4910-1.4920	1.4805-1.4815
1 month	0.34-0.32pm	0.37-0.36pm
3 months	1.48-1.45pm	0.88-0.85pm
12 months	2.50-2.45pm	2.84-2.57pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Oct 28	Previous
8.30 am	80.5	80.4
9.00 am	80.5	80.4
10.00 am	80.5	80.4
11.00 am	80.5	80.4
Noon	80.5	80.4
1.00 pm	80.6	80.4
2.00 pm	80.6	80.4
3.00 pm	80.5	80.4
4.00 pm	80.6	80.4

CURRENCY RATES

Oct 28	Bank ‡ rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.939982	0.767019
U.S Dollar	3.00	1.39340	1.13312
Canadian $	4.63	1.83720	1.49651
Austrian Sch	5.25	16.4053	13.4535
Belgian Franc	6.00	50.5665	41.4353
Danish Krone	7.25	9.39570	7.70803
D-Mark	5.75	2.33367	1.91270
Dutch Guilder	5.25	2.62656	2.14794
French Franc	-	8.16254	6.69559
Italian Lira	8.5	2264.55	1861.26
Japanese Yen	1.75	150.768	123.079
Norway Krone	-	10.1767	8.34598
Spanish Peseta	-	185.604	153.018
Swedish Krona	11.50	11.2838	9.25757
Swiss Franc	4.25	2.05666	1.68699
Greek Drach	19	N/A	273.863
Irish Punt	-	N/A	0.810818

‡ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Oct 27

CURRENCY MOVEMENTS

Oct 28	Bank of England Index	Morgan ** Guaranty Changes %
Sterling	80.6	-29.12
U.S Dollar	66.6	-10.90
Canadian Dollar	91.5	-10.49
Austrian Schilling	114.8	+16.73
Belgian Franc	110.1	-2.82
Danish Krone	113.1	+7.78
D-Mark	125.1	+32.96
Swiss Franc	113.9	+23.80
Dutch Guilder	120.0	+22.38
French Franc	106.4	-8.90
Lira	78.3	-35.91
Yen	180.1	+120.47
Peseta	88.1	-32.39

Morgan Guaranty changes: average 1980-1982=100. Bank of England (Base Average 1985=100) **Rates are for Oct 27

OTHER CURRENCIES

Oct 28	£	$
Argentina	1.4755 - 1.4760	0.9995 - 1.0000
Australia	2.2105 - 2.2120	1.4970 - 1.4980
Brazil	252.985 - 253.000	171.350 - 171.355
Finland	8.5505 - 8.5800	5.7910 - 5.8110
Greece	356.575 - 357.315	241.500 - 242.000
Hong Kong	11.4135 - 11.4150	7.7300 - 7.7310
Iran	2337.30 - 2340.25	1583.00 - 1585.00
Korea(Sth)	1193.90 - 1194.05	808.60 - 808.70
Kuwait	0.44095 - 0.44185	0.29865 - 0.29925
Luxembourg	54.40 - 54.50	36.45 - 36.55
Malaysia	3.7775 - 3.7790	2.5585 - 2.5595
Mexico	4.6080 - 4.6095	3.1210 - 3.1220
N.Zealand	2.6615 - 2.6650	1.8025 - 1.8050
Saudi Ar	5.5375 - 5.5385	3.7505 - 3.7515
Singapore	2.3450 - 2.3485	1.5885 - 1.5895
S.Af (Cm)	4.9780 - 4.9805	3.3715 - 3.3730
S.Af (Fn)	6.2380 - 6.2530	4.2250 - 4.2350
Taiwan	37.05 - 37.25	25.10 - 25.25
U.A.E.	5.4225 - 5.4235	3.6725 - 3.6735

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Oct 28	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator‡
Dutch Guilder	2.19672	2.14794	-2.22	6.00	-
D-Mark	1.94964	1.91270	-1.89	5.65	-
Spanish Peseta	154.250	153.018	-0.80	4.48	8
Irish Punt	0.808628	0.810818	0.27	3.37	-2
Portuguese Escudo	192.854	197.060	2.18	1.44	-15
French Franc	6.53883	6.69559	2.40	1.22	-20
Belgian Franc	40.2123	41.4353	3.04	0.58	-22
Danish Krone	7.43679	7.70803	3.65	0.00	-25

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
‡Indicative values only. Divergence indicators are based on 15% band limitations but do not show the 2.25% band between the Dutch Guilder and D-Mark.

POUND SPOT - FORWARD AGAINST THE POUND

Oct 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4735 - 1.4960	1.4915 - 1.4925	0.34-0.33cpm	2.69	0.84-0.81pm	2.21
Canada	1.9450 - 1.9635	1.9615 - 1.9625	0.25-0.19cpm	1.35	0.61-0.46pm	1.11
Netherlands	2.7880 - 2.8125	2.8025 - 2.8125	par-¼cdis	-0.53	¼-½dis	-0.53
Belgium	53.85 - 54.50	54.40 - 54.50	13.00-18.00cdis	-3.42	38.00-48.00dis	-3.20
Denmark	10.0195 - 10.0770	10.0575 - 10.0675	1¼-2⅜oredis	-2.31	5⅞-7dis	-2.58
Ireland	1.0525 - 1.0585	1.0560 - 1.0570	0.05-0.07cdis	-0.68	0.18-0.23dis	-0.78
Germany	2.4825 - 2.5000	2.4950 - 2.5000	⅛-¼pfdis	-0.90	½-¾dis	-1.00
Portugal	255.90 - 257.30	256.40 - 257.40	94-142cdis	-5.51	310-395dis	-5.49
Spain	198.30 - 199.95	199.45 - 199.75	55-69cdis	-3.73	179-200dis	-3.80
Italy	2414.20 - 2430.00	2427.25 - 2428.25	5-7liredis	-2.97	18-20dis	-3.13
Norway	10.8340 - 10.9625	10.9525 - 10.9625	¾-¼orepm	0.55	⅜-⅝pm	0.18
France	8.6900 - 8.7620	8.7350 - 8.7450	⅝-1cdis	-1.12	2¼-2¾dis	-1.14
Sweden	12.0190 - 12.1505	12.0925 - 12.1025	1⅛-2½oredis	-1.80	4-5⅜dis	-1.83
Japan	160.15 - 162.00	161.00 - 162.00	½-⅜ypm	3.25	1⅞-1¼pm	3.25
Austria	17.44 - 17.62	17.54 - 17.57	¼-1⅜gropm	0.56	2½-4⅜dis	-0.78
Switzerland	2.1880 - 2.2085	2.1975 - 2.2075	¾-⅝cpm	1.36	⅝-½pm	1.02
Ecu	1.2995 - 1.3075	1.3030 - 1.3040	0.14-0.18cdis	-1.47	0.52-0.58dis	-1.69

Commercial rates taken towards the end of London trading. Six-month forward dollar 1.51-1.46pm . 12 Month 2.59-2.49pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Oct 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4735 - 1.4960	1.4915 - 1.4925	0.34-0.33cpm	2.69	0.84-0.81pm	2.21
Ireland†	1.3930 - 1.4070	1.4005 - 1.4015	0.42-0.40cpm	3.51	1.12-1.07pm	3.13
Canada	1.3170 - 1.3240	1.3220 - 1.3230	0.14-0.16cdis	-1.36	0.34-0.40dis	-1.12
Netherlands	1.8810 - 1.9000	1.8810 - 1.8820	0.48-0.50cdis	-3.13	1.33-1.36dis	-2.86
Belgium	36.35 - 36.65	36.45 - 36.55	18.00-19.00cdis	-6.08	49.00-53.00dis	-5.59
Denmark	6.7425 - 6.8050	6.7425 - 6.7475	2.65-3.05oredis	-5.07	7.90-8.80dis	-4.89
Germany	1.6670 - 1.6920	1.6730 - 1.6740	0.48-0.49pfdis	-3.48	1.32-1.34dis	-3.18
Portugal	173.10 - 174.25	173.10 - 173.20	119-123cdis	-8.39	332-345dis	-7.82
Spain	133.85 - 135.20	134.55 - 134.65	71-75cdis	-6.51	200-208dis	-6.06
Italy	1622.00 - 1644.50	1627.00 - 1627.50	7.50-8.20liredis	-5.79	21.80-22.80dis	-5.48
Norway	7.3135 - 7.3800	7.3425 - 7.3475	1.40-1.65oredis	-2.49	3.90-4.35dis	-2.25
France	5.8550 - 5.9195	5.8550 - 5.8600	1.89-1.94cdis	-3.92	4.95-5.15dis	-3.45
Sweden	8.1035 - 8.1945	8.1050 - 8.1100	2.95-3.25oredis	-4.59	7.60-8.30dis	-3.92
Japan	108.15 - 108.80	108.20 - 108.30	0.08-0.05ypm	0.61	0.30-0.27pm	1.05
Austria	11.7930 - 11.8840	11.8725 - 11.8775	3.10-3.40grodis	-3.28	8.50-9.30dis	-3.00
Switzerland	1.4720 - 1.4950	1.4765 - 1.4775	0.18-0.21cdis	-1.58	0.43-0.48dis	-1.23
Ecu†	1.1295 - 1.1390	1.1295 - 1.1390	0.40-0.38cpm	4.13	1.10-1.07pm	3.83

Commercial rates taken towards the end of London trading. † UK, Ireland and Ecu are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Oct 28	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	6 - 5¾	5¹³⁄₁₆ - 5¹¹⁄₁₆	5¹³⁄₁₆ - 5¹¹⁄₁₆	5¾ - 5⅝	5⅝ - 5½	5½ - 5⅜
US Dollar	3⅛ - 2¹³⁄₁₆	3⅛ - 3	3⅛ - 3	3⁷⁄₁₆ - 3⅜	3½ - 3⅜	3¹¹⁄₁₆ - 3⅝
Can. Dollar	4½ - 4¼	4½ - 4¼	4⅝ - 4⅜	4⅝ - 4½	4¾ - 4½	5 - 4¾
Dutch Guilder	6¼ - 6⅛	6¼ - 6⅛	6¼ - 6⅛	6⅛ - 6	5¹⁵⁄₁₆ - 5¹³⁄₁₆	5⅝ - 5½
Swiss Franc	4⅞ - 4⅝	4⅞ - 4⅝	4⅝ - 4½	4⁹⁄₁₆ - 4⁷⁄₁₆	4⅜ - 4¼	4⅛ - 4
D-Mark	6⅝ - 6½	6⅝ - 6½	6⅝ - 6½	6⅝ - 6½	6⅜ - 6¼	5¾ - 5⅝
French Franc	7⅛ - 7	7⅛ - 6¹⁵⁄₁₆	7 - 6⅞	6¹³⁄₁₆ - 6¹¹⁄₁₆	6⅝ - 6½	6 - 5⅞
Italian Lira	10 - 8	9 - 8½	8⅞ - 8⅝	8¾ - 8⅝	8½ - 8⅜	8½ - 8¼
Belgian Franc	9¼ - 9⅛	9⅜ - 9⅛	9¼ - 9⅛	8¹³⁄₁₆ - 8¹¹⁄₁₆	8⅜ - 8¼	7⅞ - 7¾
Yen	2⅝ - 2½	2⅝ - 2½	2½ - 2⅜	2⅜ - 2¼	2⅜ - 2¼	2⅜ - 2¼
Danish Krone	10 - 9	8¼ - 8	8¼ - 8	8¼ - 7⅞	8 - 7⅝	7⅜ - 7
Asian $Sing	3½ - 2½	3½ - 2½	3½ - 2½	4 - 3	4 - 3	4¼ - 3¼
Spanish Peseta	9⅝ - 9⅜	9⅝ - 9⅜	9½ - 9¼	9⅜ - 9¼	9⅛ - 8¹⁵⁄₁₆	8¹³⁄₁₆ - 8⅝
Portuguese Esc	12¼ - 11¾	12 - 11½	12⅛ - 11⅝	11⅝ - 11⅛	10⅝ - 10⅛	10½ - 10⅛

Long term Eurodollars: two years 4¼-4⅛ per cent; three years 4⅝-4½ per cent; four years 4⅞-4¾ per cent; five years 5⅛-5 per cent nominal. Short term rates are call for US Dollar and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Oct 28	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta.	Ecu
£	1	1.492	2.498	161.5	8.740	2.203	2.808	2428	1.982	54.45	199.6	1.304
$	0.670	1	1.674	108.2	5.858	1.477	1.882	1627	1.315	36.49	133.8	0.874
DM	0.400	0.597	1	64.65	3.499	0.882	1.124	972.0	0.785	21.80	79.90	0.522
YEN	6.192	9.238	15.47	1000.	54.12	13.64	17.39	15034	12.15	337.2	1236	8.074
F Fr.	1.144	1.707	2.858	184.8	10.	2.521	3.213	2778	2.245	62.30	228.4	1.492
S Fr.	0.454	0.677	1.134	73.31	3.967	1	1.275	1102	0.891	24.72	90.60	0.592
N Fl.	0.356	0.531	0.890	57.51	3.113	0.785	1	864.7	0.699	19.39	71.08	0.464
Lira	0.412	0.614	1.029	66.52	3.600	0.907	1.157	1000.	0.808	22.43	82.21	0.537
C $	0.510	0.760	1.273	82.31	4.465	1.123	1.431	1238	1	27.75	101.7	0.665
B Fr.	1.837	2.740	4.588	296.6	16.05	4.046	5.157	4459	3.603	100.	366.6	2.395
Pta	0.501	0.747	1.252	80.91	4.379	1.104	1.407	1216	0.983	27.28	100.	0.653
Ecu	0.767	1.144	1.916	123.8	6.702	1.689	2.153	1862	1.505	41.78	153.1	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

Estimated volume 102,929 † Total Open Interest 806,894
† All Yield & Open Interest figures are for the previous day.

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls November	Calls December	Calls March	Puts November	Puts December	Puts March
123	-	1.14	5.23	-	0.21	-
124	-	0.50	-	0.07	0.58	0.21
125	-	0.17	-	-	1.25	0.34
126	-	0.04	-	-	-	0.53
127	-	-	1.99	-	-	0.85
Open Int	29,970	203,889	92,141	31,353	179,655	69,408

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4920	1.4887	1.4838	1.4772	1.4666

BASE LENDING RATES

	%		%		%
Adam & Company	6	Duncan Lawrie	6	Nykredit Mortgage Bnk	6.5
Allied Trust Bank	6	Exeter Bank Limited	7	Rea Brothers	6
AIB Bank	6	Financial & Gen Bank	7	* Roxburghe Bank Ltd	8
●Henry Ansbacher	6	●Robert Fleming & Co	6	* (in administration)	
Bank of Baroda	6	Girobank	6	Royal Bk of Scotland	6
Banco Bilbao Vizcaya	6	●Guinness Mahon	6	●Smith & Williamson Secs	6
Bank of Cyprus	6	Habib Bank AG Zurich	6	Standard Chartered	6
Bank of Ireland	6	●Hambros Bank	6	TSB	6
Bank of India	6	Heritable & Gen Inv Bk.	6	●United Bk of Kuwait	6
Bank of Scotland	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Barclays Bank	6	C. Hoare & Co	6	Western Trust	6
Brit Bk of Mid East	6	Hongkong & Shanghai	6	Whiteaway Laidlaw	6
●Brown Shipley	6	Julian Hodge Bank	6	Wimbledon & Sth West	7
CL Bank Nederland	6	●Leopold Joseph & Sons	6	Yorkshire Bank	6
Citibank NA	6	Lloyds Bank	6		
City Merchants Bank	6	Meghraj Bank Ltd	6		
Clydesdale Bank	6	Midland Bank	6		
The Co-operative Bank	6	* Mount Banking	6		
Coutts & Co	6	* (in administration)			
Credit Lyonnais	6	NatWestminster	6		
Cyprus Popular Bank	6				

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MONEY MARKETS

Short sterling recovers

SHORT sterling recovered yesterday as dealers began to search for a level they could feel happy with in the run up to the Budget at the end of November, *writes Peter John.*

The futures contract for December expiry opened at 94.54, slightly up from Wednesday's official close, and traded within a seven basis point range before closing at 94.59.

For the last few days of the month traders are squaring their books. Increasingly, over the next few weeks they will be taking positions to reflect their opinion on interest rates.

UK clearing bank base lending rate 6 per cent from January 26, 1993

Market opinion tends towards a half-point reduction at or shortly after the Budget and, possibly, another half-point cut before Christmas.

However, there is a camp which believes a full one-point cut will be made at the budget and some who argue that a case for any rate cut at all is disappearing.

Those polarised views are set to pull the December contract in either direction from a trading range between 94.50 and 94.60 until the expiry of the contract on December 15.

Meanwhile a large liquidity shortage was dealt with by the Bank of England in what one dealer described as "text book fashion" and caused no serious problems.

The Bank offered the money market an early round of assistance after forecasting a shortage of around £1.95bn, which was later revised to £2.05bn.

Among the main factors affecting the position were the take-up of Treasury Bills and paper maturing in official hands which drained £907m from the system. Bills for repurchase by the market took out £566m and Exchequer transactions removed £370m. Partly offsetting these, bankers' balances above target injected £60m.

The Bank provided £1.503bn of early assistance buying £3m of band one bank bills at the established 5⅞ per cent rate and £1.5bn of bills for resale to the market in equal amounts on November 16 and 17 at 5²⁹⁄₃₂ per cent. It added £359m of assistance in the afternoon, buying band one bank bills and bringing total help for the day to £1.862bn.

● German call money rates eased following an injection of short-term funds by the Bundesbank on Wednesday. Dealers were quoting call money at around 6.45 per cent on Thursday, down from 6.57 per cent previously after the central bank injected Section 17 funds late on Tuesday.

FT LONDON INTERBANK FIXING

(11.00 a.m. Oct 28)	3 months US dollars		6 months US Dollars	
	bid 3⁷⁄₁₆	offer 3⁷⁄₁₆	bid 3⅜	offer 3½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Lunchtime

		Treasury Bills and Bonds			
Prime rate	6	One month	2.92	Three year	4.27
Broker loan rate	5	Two month	3.04	Five year	4.86
Fed.funds	3	Three month	3.13	Seven year	5.02
Fed.funds at intervention	3	Six month	3.31	10-year	5.43
		One year	3.47	30-year	5.99
		Two year	4.01		

Oct 28	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	6.35-6.50	6.45-6.55	6.40-6.50	6.35-6.45	6.05-6.20	6.75
Paris	6⅞-6⁹⁄₁₆	6.82-6.97	-	6.57-6.72	-	6.45
Zurich	4⅝-4⅞	4⁷⁄₁₆-4⅜	-	4⁷⁄₁₆-4⅜	-	-
Amsterdam	6.12-6.18	6.12-6.15	-	6.07-6.15	-	-
Tokyo	2¹³⁄₁₆-2¹¹⁄₁₆	-	-	-	-	-
Milan	8⅞-9	8¹³⁄₁₆	-	8¹³⁄₁₆-8⅞	-	-
Brussels	9⅜-9½	9⅛-9⅜	-	8¼-8⅞	-	-
Dublin	6⅞-6⅝	6½-6⅝	6⅜-6½	6⅜-6½	6¼-6⅜	-

LONDON MONEY RATES

Oct 28	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	7¼	5¹⁵⁄₁₆	5¹³⁄₁₆	5¾	5⅝	5½
Interbank Bid	5⅜	5¹¹⁄₁₆	5¹¹⁄₁₆	5⅝	5½	5⅜
Sterling CDs	-	-	5¹¹⁄₁₆	5⁹⁄₁₆	5⁷⁄₁₆	5⅜
Local Authority Deps.	6¼	5⅞	5⅞	5⅞	5⅝	5⁹⁄₁₆
Local Authority Bonds	-	-	-	-	5½	-
Discount Mkt Deps	6½	5⅞	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	5¹³⁄₁₆	5⅝	5⁷⁄₁₆	5⁵⁄₁₆
Treasury Bills (Buy)	-	-	5⅝	5½	5⅜	-
Bank Bills (Buy)	-	-	5⅝	5⁷⁄₁₆	5¹¹⁄₁₆	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	2.98	3.07	3.14	3.38
SDR Linked Dep. Offer	-	-	4⅛	4⅛	4¼	4
SDR Linked Dep. Bid	-	-	4	4⅛	3⅞	3⅞
ECU Linked Dep. Offer	-	-	7⅛	7⅛	7⅛	6⅞
ECU Linked Dep. Bid	-	-	7⅛	7⅛	6⅞	6⅝

Treasury Bills (sell); one-month 5⅝ per cent; three months 5⁷⁄₁₆ per cent; six months 5⅜ per cent; Bank Bills (sell); one-month 5¹¹⁄₁₆ per cent; three months 5⁹⁄₁₆ per cent; Treasury Bills; Average tender rate of discount 5.0137 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day October 29, 1993. Agreed rates for period Nov 24, 1993 to Dec 25, 1993 Schemes II & III: 7.06 p.c. Reference rate for period Oct 1, 1993 to Oct 29, 1993, Scheme IV&V: 5.820 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 6pc from October 1, 1993: Bank Deposit Rate for sums at 7 days notice 5¾ p.c.: Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 2¾ p.c.; one-three months 5¼ p.c.; three-six months 5 p.c.; six-nine months 4¾ p.c.; nine-twelve months 4½ p.c.; Under £100,000 2¾ p.c. from Jan.27, 1993, Deposits withdrawn for cash 1¼p.c.

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

WORLD STOCK MARKETS

CANADA

TORONTO

4 pm close October 28

MONTREAL

4 pm close October 28

INDICES

	Oct 22	Oct 15	Oct 8	year ago (approx.)
Dow Industrial Div. Yield	2.79	2.81	2.84	3.24

	Oct 27	Oct 20	Oct 13	year ago (approx.)
S & P Industrial div. yield	2.42	2.20	2.47	2.69
S & P Ind. P/E ratio	28.51	25.49	28.00	27.52

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Eastman Kodak	8,208,500	63¾	+ 1½
Gen Motors	5,484,900	49	+ 2⅛
Ford Motor	4,808,300	63	+ 2⅝
RJR Nabisco	4,184,700	5⅞	— —
UST	4,024,500	25⅞	+ 1⅛
Gt Western	3,200,700	18⅝	- ⅛
CBL & Assoc	3,008,700	19⅝	— —
Telefonos	2,954,300	53⅝	- 1⅛
Nat Med Ent	2,918,900	11¼	+ ⅛
Chrysler	2,887,800	57⅛	+ 1⅞

TRADING ACTIVITY

† Volume Millions	Oct 28	Oct 27	Oct 26
New York SE	297.140	277.086	284.504
Amex	20.417	18.829	15.063
NASDAQ	(a)	302.949	296.901
NYSE			
Issues Traded	2,857	2,641	2,645
Rises	1,149	1,011	908
Falls	861	969	1,121
Unchanged	847	661	616
New Highs	86	70	66
New Lows	18	34	39

CANADA

TORONTO	Oct 28	Oct 27	Oct 26	Oct 25	1993 HIGH	1993 LOW
Metals & Minerals	3070.71	3015.04	3002.05	2994.84	3140.94 (18/8)	2743.31 (21/7)
Composite	4235.20	4197.49	4187.20	4155.30	4235.20 (28/10)	3275.80 (21/1)
MONTREAL Portfolio	2020.86	1995.68	1991.31	1979.81	2020.86 (28/10)	1720.97 (21/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

TOKYO - Most Active Stocks

Thursday, October 28, 1993

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	4.1m	320	-18	Mitsubishi Hvy	2.4m	645	-32
Fujitsu	3.6m	844	+9	Toyota Motor	2.2m	1,840	
NEC Corp	3.1m	931	-19	Nippon Express	2.0m	1,000	-70
Hitachi	2.7m	857	-10	NKK Corp	1.9m	263	-8
Toshiba Corp	2.7m	697	-4	Tobu Railway	1.7m	725	-17

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FINANCIAL TIMES

FAR MORE THAN FINANCE.

4 pm close October 28

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
14⅝	11½	AAR	0.48	3.5	67	136	14	13⅝	13¾	
29⅜	13¾	A L Labs A	0.18	1.1	31	448	16	15½	15⅞	
67¼	54⅝	AMP	1.60	2.6	21	1313	62¾	61⅝	62	
72¾	55½	AMR			55	9492	71½	69⅜	70⅞	+1⅜
3⅞	1¾	ARX			12	117	3½	3¼	3⅜	-⅛
51½	29⅞	ASA	2.00	4.3	30	519	46⅞	46	46⅛	-½
30¾	22⅝	AbbtL	0.68	2.4	17	8401	28¼	27¾	28	+⅝
12⅝	8¼	Abitibi Pr	0.50	5.3	4	18	9½	9½	9½	
15⅝	8¼	Acptncsin			45	69	14¾	14½	14½	-¼
36	25½	ACE Ltd	0.92	2.8		352	33	32¾	32¾	-⅛
12	10¾	ACM Gvt In	0.96	8.3		1457	11⅝	11⅜	11⅝	+⅛
10⅛	9⅛	ACM GvOpp	0.80	7.9		111	u10⅛	10	10⅛	
10	8¾	ACM Gvt Sp	0.80	8.1		1344	9⅞	9¾	9⅞	
11⅝	10½	ACM Gvt Se	0.96	8.4		1979	11½	11⅜	11⅜	-⅛
11¾	9⅝	ACM Man	1.08	9.3		81	11⅝	11½	11⅝	+⅛
9⅞	8⅝	ACM Managd	0.72	7.8		27	9¼	9⅛	9¼	+⅛
12⅜	7¾	AcmeClv	0.44	4.2	14	105	10½	10¼	10½	+⅛
10	6⅜	Acme Elect			73	581	u10¼	9¾	10¼	+⅜
27⅝	18⅜	Acordia	0.44	1.8	14	2	24⅞	24⅞	24⅞	-⅛
16	10⅜	Acuson			37	⁴420	13¾	13¼	13⅜	-¼
21¾	18¼	Adams Expr	0.48	2.5	0	533	19¼	19	19¼	+⅛
66¼	45½	Ad Micro	3.00	6.1		787	49½	48¾	49½	
32¾	17⅝	AdvAlc	3.00	15.2	7	19928	19¾	19¼	19¾	

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مكنامن الأصل

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4 pm close October 28

NYSE COMPOSITE PRICES

Continued from previous page

NASDAQ NATIONAL MARKET

4 pm close October 28

AMEX COMPOSITE PRICES

4 pm close October 28

AMERICA

US prices touch new highs in early trade

Wall Street

US SHARE prices soared to new record highs yesterday morning, spurred by good economic news, strong quarterly earnings and heavy program buying, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was up 33.82 at 3,693.48. The more broadly based Standard & Poor's 500 was up 3.18 at 467.79, while the Amex composite was 2.31 higher at 477.37, and the Nasdaq composite up 3.41 at 775.29.

Trading volume on the NYSE was 176m shares by 1 pm, and rises outnumbered declines by 1,053 to 789.

The tone was positive from the start after investors and analysts reacted positively to the news that gross domestic product climbed by 2.8 per cent in the third quarter.

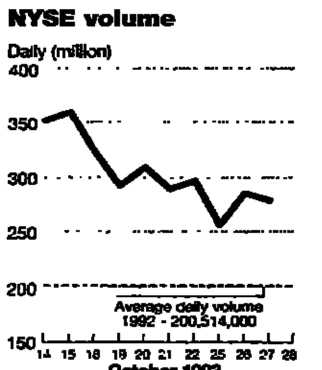
Although the increase was in line with expectations, what cheered the markets was the fact that GDP would have risen by 3.4 per cent in the quarter if it had not been for the impact of crop losses incurred during the summer floods in the mid-western states.

There was other good economic news in the form of a decline of 4,000 in weekly jobless claims. Yet it was the GDP data that initiated much of the buying, coming on the heels of a string of recent figures showing a gradual improvement in the economy.

These signs, allied with some good third quarter corporate results, have been behind the record-breaking surge in stock prices over the past few weeks.

Yesterday's gains were boosted by a round of mid-morning computerised buy programs, which at one stage lifted the Dow above 3,700 for the first time ever.

NYSE volume



Eastman Kodak was the star of the day, rising $5 to $63¾ in volume of 5m shares as investors celebrated the appointment on Wednesday night of Mr George Fisher as the company's new chairman.

Mr Fisher was previously chairman of Motorola, where he earned a reputation as a highly successful manager. The news left Motorola down $1½ at $104⅛.

Elsewhere Xerox rose $5 to $75⅝ after reporting third quarter earnings of $1.28 a share, up from $1.07 a share a year earlier.

General Motors climbed $1¼ to $48⅛ in volume of 2.2m shares after the group reported a narrowing in its third quarter loss to 49 cents a share, down from the $1.86 cents a share shortfall incurred a year ago.

Also sharply higher were Chrysler, up $1⅞ at $56⅞, and Ford, up $1¾ at $62.

Airline stocks were in demand, with UAL climbing $2⅞ to $149½ and Delta up $⅝ at $57⅛, both lifted by news of improved quarterly earnings.

Canada

TORONTO was driven higher by good third quarter earnings and a strong performance on Wall Street.

The TSE-300 index jumped to a new intraday high of 4,222.50, before settling back to trade 23.29 higher at 4,220.77 in volume of 39.5m shares valued at C$411m.

Golds were relatively subdued, but the broader metals and minerals sub-index was up 0.9 per cent at 3,041.14.

EUROPE

Wall Street enhances Amsterdam's day

STRENGTH on Wall Street galvanised bourses in the afternoon, but that was not the whole story, *writes Our Markets Staff.*

AMSTERDAM saw activity in a number of stocks as the CBS Tendency index rose by 1.8, or 1.3 per cent to 135.6.

DSM and Akzo were among the day's best performers following the former's third quarter results. While the figures by themselves came in at the lower end of most analysts' expectations, observers noted that the chemical group's prospects now look to be much improved given the efforts it has made recently to reduce costs. The shares closed up Fl 3.80 at Fl 102.80, having earlier seen a day's low of Fl 98.80. Akzo, which rose Fl 5.10 to Fl 181.00, is due to report next Wednesday.

Hoogovens was helped higher by a positive note from Goldman Sachs, which noted that the steel company was in a good position to benefit from cyclical recovery. The shares added Fl 1.80 to Fl 42.40, slightly off the day's high.

FRANKFURT's DAX index fell 4.62 to 2,038.46, but rose to an Ibis-indicated 2,053.66 by the end of the post-bourse. Turnover eased from DM7.3bn to DM6.9bn. In the morning there were notable rises against the trend in Commerzbank, up DM2 at DM336, and steels.

Commerzbank's gain followed a DM2 loss in the post-bourse on Wednesday, after Moody's cut its senior debt rating. Traders liked the bank's response – that its profits were up more than 50 per cent after nine months of this year – but analysts were inclined to be more cautious.

Steels continued this week's relative strength, Krupp Hoesch rising DM3 to DM143.50 and Thyssen DM4 to DM232.50. Mr Michael Geiger of NatWest Securities said that this reflected the strength of the dollar, and its potential effect on export prices, and the impending end to EC industry negotiations which should lead to capacity cuts.

There were no stars in the post bourse. Mr Nigel Longley, of Commerzbank, said that a number of traders had been short, expecting the market to consolidate to 2,000 or below, and that the rise in the Dow had forced them to cover.

FT-SE Actuaries Share Indices

October 28 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1360.73	1361.50	1362.50	1362.67	1363.12	1362.46	1367.79	1369.48
FT-SE Eurotrack 200	1428.83	1429.98	1430.01	1428.64	1431.01	1428.30	1433.88	1435.53

	Oct 27	Oct 26	Oct 25	Oct 22	Oct 21
FT-SE Eurotrack 100	1367.82	1377.10	1378.69	1386.16	1365.45
FT-SE Eurotrack 200	1430.55	1437.92	1442.09	1447.89	1436.57

Base value 1000 (26/10/90) High/day: 100 - 1369.49; 200 - 1438.27 Low/day: 100 - 1360.17 200 - 1427.27

PARIS recovered from the day's lows for a gain in the CAC-40 index of 3.96 to 2,195.98 ahead of today's expiry of futures and options. Turnover was close to FFr4bn.

Rhône-Poulenc dipped FFr1.00 to FFr152.50 on the first day of pre-privatisation marketing of the government's 43 per cent stake. The chemicals group said after the close that dividend payments in 1993 will reflect the fall in earnings and will probably be lower than in the previous year.

Axa shed FFr31 to FFr1,537 after reporting a slight rise in first half figures which were below market expectations.

MADRID was turning round on a recovering bond market long before Wall Street made its influence felt. However, US quoted stocks made their mark as the general index closed 2.74 higher at 306.55.

In oils, Repsol climbed Pta70 to Pta4,005 as Cepsa, Pta60 higher at Pta2,460, extended its gains on this week's James Capel buy recommendation.

Another US-quoted stock, Telefónica, rose Pta20 to Pta1,750 but the market was not entirely discriminatory. Pryca, against which analysts have been making an excellent case this year, recovered Pta40 to Pta1,445.

STOCKHOLM made a new life high with help from Volvo, Ericsson, forestry and building and real estate stocks, the Affärsvärlden General index closing 14.50 higher at 1,421.30.

Volvo B, excited by the Renault merger, rose SKr8 to SKr444 although a state fund said late in the day that it would vote against the plan.

Ericsson B put on SKr13 at SKr455 on the world telecommunications orders boom. In forestry, with the sector up 1.4 per cent, Modo B rose SKr13 to SKr245 on pulp price hopes; building and property shares ended 1.2 per cent higher.

MILAN remained caught in the doldrums with volume continuing to be low. The Comit index eased 0.39 to 575.75, while the general strike yesterday had already been discounted, analysts commented.

News early in the day of the arrest of Sip's managing director initially sent the shares down, but they recovered by the close, up L20 to L3,531. Stet added L24 to L4,046.

Written and edited by William Cochrane and John Pitt.

ASIA PACIFIC

Advances in region as Nikkei falls by 1.8%

Tokyo

A FALL in East Japan Railway shares depressed sentiment, and prices lost ground for the third consecutive day, *writes Emiko Terazono in Tokyo.*

The Nikkei average declined 359.33, or 1.8 per cent, to 19,479.45. It peaked at 19,863.09 in the morning session on small-lot purchases by dealers and institutional investors, but arbitrageurs liquidated positions as the futures market retreated, and the index dropped to the day's low of 19,443.54 just before the close.

Volume amounted to 220m shares, against Wednesday's 261m. Declines led rises by 800 to 170, with 153 issues unchanged. The Topix index of all first section stocks shed 29.56 to 1,602.39, but in London the ISE/Nikkei 50 index firmed 2.55 to 1,272.23.

Traders said the absence of public fund buying, which had supported the Nikkei index around the 20,000 mark, had depressed sentiment. A fall in the dollar against the yen below the Y108 level also weighed down export-oriented stocks, which had gained ground on the recent rise in the US currency.

All trading in JR East was conducted manually, instead of through the computer system. JR East finished Y75,000 down at Y525,000, although it was suspended briefly during the morning session due to a lack of sellers.

The decline of JR East prompted selling in Nippon Telegraph and Telephone, which lost Y18,000 to Y832,000. Traders said margin buyers, who had bought the stock six months ago and were hoping that the JR East listing would also help NTT, were forced to liquidate their holdings.

A number of electronics companies announced weak interim results yesterday, discouraging investors: Toshiba slipped Y4 to Y697 and Hitachi shed Y10 to Y837. However, Mitsubishi Electric advanced Y8 to Y571 after reporting a rise in profits because of foreign exchange gains.

In Osaka, the OSE average receded 294.88 to 21,386.36 in volume of 14m shares. Konami, a discount retailer of men's suits, rose Y150 to Y3,620.

Roundup

A FURTHER batch of record highs were seen in the region yesterday.

HONG KONG advanced through the 9,000 level in late trading on futures-related buying and interest in major issues such as Hong Kong Land, Sun Hung Kai Properties and Hong Kong Electric. The Hang Seng index added 107.07, or 1.2 per cent, at 9,010.27 in turnover of HK$6.8bn.

HK Land moved forward 50 cents to HK$20.30, Sun Hung Kai Properties HK$1.75 to HK$51 and HK Electric 70 cents to HK$24.

Siu-Fung Holdings, newly listed, was the day's most active stock in turnover of HK$533m. The shares closed at HK$2.40, up 43 per cent from the issue price.

SINGAPORE lost ground on late profit-taking but volume soared to a record 717.82m shares. The Straits Times Industrial index was off 5.68 at 2,101.73 after a day's high of 2,124.38.

Singapore Telecom's public offer of more than 1.5bn shares closed yesterday. The stock will be listed on Monday when the trading period is to be extended by nearly 6 hours.

NEW ZEALAND ended at its fifth consecutive record peak, led by gains in Telecom, Fletcher Challenge and Carter Holt Harvey. The NZSE-40 index climbed 12.96 to 2,131.18 in turnover of NZ$68m.

Fletcher added 2 cents at NZ$4.05 after announcing that its Canadian division was to spin off its lumber operations.

BANGKOK built on Wednesday's rise to close at its second consecutive all-time high. The SET index gained 46.00, or 3.8 per cent, at 1,239.18 in turnover up to Bt23.8bn from Bt15.2bn.

MANILA was driven to a new historic high on reports that Nestlé might take a stake in a subsidiary of San Miguel, the brewer. The composite index strengthened 98.15 to 2,326.60 in turnover of 1bn pesos.

San Miguel "B" rose 13 pesos to 183 pesos.

TAIWAN extended early falls as many investors booked profits after the market's recent rally. The weighted index shed 37.76 to 4,065.87 as turnover fell to T$26.2bn from T$32.46bn.

Fubon Insurance went limit up to T$96 on its first day of trading.

KUALA LUMPUR extended Wednesday's rise ahead of today's announcement of the 1994 budget. The composite index put on 12.19 at 946.96.

Trading was dominated by speculative stocks and led by Idris, which added 75 cents at M$6, following its announcement earlier in the week of a joint venture with an Indonesian group to set up several plants in Malaysia.

AUSTRALIA continued to be supported by foreign buying and the All Ordinaries index closed 8.0 ahead at 2,076.3 in turnover of A$398.2m.

In the bank sector, Commonwealth came off its record high, set on Wednesday, to end 8 cents cheaper at A$10.12.

SOUTH AFRICA

GOLD shares reacted cautiously to bullion's late rise through the $370 an ounce level and the index added 16 at 1,770. Industrials lost 10 to 4,490, with Richemont dipping 45 cents to R37.40. The overall index eased 5 to 3,896.

KSE rally on Bhutto win and the 1993 cotton crop

Farhan Bokhari on Pakistan's equity market gains

After 13 gains in succession, and breaking through 1,500 this week, the Karachi Stock Exchange's KSE-100 index eased a token 11.20 to 1,541.23 yesterday, 44 per cent up from its 1993 low on April 19.

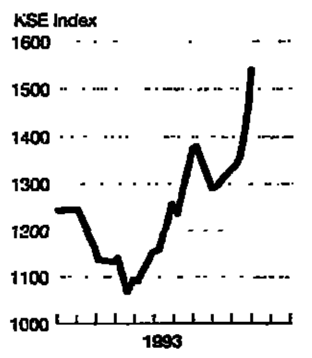
That low came the day after Mr Nawaz Sharif, the former prime minister, was sacked, ending a bitter confrontation between his administration and Mr Ghulam Ishaq Khan, the president. The rally followed the election of Ms Benazir Bhutto's PPP (Pakistan People's Party) government in the October 6 elections, ending a year-long period of intense uncertainty; but recent projections of a bumper 1993 cotton crop in Pakistan have added to the optimism.

In addition to Ms Bhutto's electoral success after almost three years in opposition, the PPP has succeeded in forming a government for the Punjab, the country's largest and wealthiest province. The PPP's control over the centre and the Punjab has strained the perceived ability of its opponents to destabilise the government, and created fresh optimism over continuation of economic policies.

As for the cotton crop, latest estimates are that this year's total output will exceed the government's target of 12m bales. As a result, the textile groups forming nearly one-third of the KSE's 644 listed companies are expected to earn larger profits due to cheaper raw material costs.

Signs of fresh optimism are evident around the exchange building along Karachi's Chundrigar road, right in the heart of the business district. "The KSE has suddenly become so crowded with investors in the last two to three weeks, that it has become even more difficult to find a parking spot than before," says Mr Aslam Motiwala, a broker. He expects the index to rise further, to a level above 1,700 by the year-end.

Pakistan



According to Mr Arif Habib, president of the KSE, the newly generated optimism is also based on hopes that Ms Bhutto will be more successful in attracting foreign investors to Pakistan, given her personal charisma and her ability to establish a better rapport with foreign leaders and the business community.

"Investors feel that Ms Bhutto is good in foreign policy and that she can sell the economic policies of her government in a better way to foreign investors," he adds.

Mr Yasin Lakhani, another leading broker, agrees. "With Benazir being the darling of the west, people expect that she would be in a better position to get things done and put the Pakistani view across much better than any other person on the political scene."

Some brokers say that fresh optimism has also been generated due to expectations over improvements in government finances.

Ms Bhutto is widely expected to continue with many of the painful economic reforms introduced by Mr Moeen Qureshi, the former prime minister, during his three-month tenure which began this summer.

As a result, Islamabad is expected successfully to conclude negotiations in which it is seeking up to $1.2bn in fresh International Monetary Fund credits over the next three years.

In spite of these optimistic sentiments, some analysts are still watching to see the result of next month's presidential elections, to determine the extent to which Ms Bhutto's government is likely to remain stable in the coming years.

Since 1985, the year when martial law was lifted, four governments have been elected. Each one was sacked before completing its term under presidential powers which allow for the dismissal of any government.

"We have to see if the presidential elections conclude smoothly, to know if the Bhutto government has good chances of lasting its five-year term," says one leading businessman in Karachi. However, such long term concerns over the political future seem to have been shelved for the time being, with investors and brokers cashing in.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY OCTOBER 27 1993								TUESDAY OCTOBER 26 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (69)	155.78	+0.5	156.16	106.94	136.11	155.60	+0.8	3.32	155.01	155.33	106.02	135.47	154.44	155.78	117.39	115.49
Austria (17)	177.75	+0.1	178.18	122.03	155.30	155.01	+0.0	1.02	177.53	177.91	121.43	155.16	155.02	184.47	131.16	149.55
Belgium (42)	150.03	-0.1	150.39	102.98	131.07	134.86	+0.0	4.27	150.24	150.55	102.75	131.30	134.88	156.76	131.19	138.41
Canada (107)	131.76	+0.5	132.08	90.44	115.11	125.65	+0.1	2.66	131.15	131.42	89.69	114.61	125.55	131.76	111.41	119.23
Denmark (32)	235.73	-1.1	236.31	161.83	205.96	217.30	-0.6	1.04	238.26	238.75	162.96	208.22	218.65	239.12	185.11	185.54
Finland (23)	123.91	-0.2	124.21	85.06	108.26	150.76	+0.0	0.69	124.16	124.42	84.92	108.51	150.70	125.09	65.50	66.11
France (98)	168.73	-1.2	169.14	115.82	147.40	155.49	-0.8	2.98	170.79	171.15	116.80	149.25	156.79	173.05	142.72	148.01
Germany (60)	132.30	-0.7	132.63	90.84	115.59	115.59	-0.7	1.84	133.20	133.48	91.11	116.41	116.41	136.13	101.59	107.91
Hong Kong (55)	356.03	+1.2	356.90	244.41	311.08	353.31	+1.2	2.94	351.66	352.39	240.51	307.34	349.00	357.10	218.82	252.33
Ireland (14)	172.81	+0.1	173.23	118.63	150.98	173.50	+0.3	3.23	172.59	172.95	118.04	150.83	172.96	174.50	129.28	134.40
Italy (70)	67.89	-1.8	68.05	46.60	59.31	82.75	-1.0	2.02	69.13	69.28	47.28	60.41	83.56	78.93	53.78	57.11
Japan (469)	150.80	-1.2	151.17	103.52	131.77	103.52	-0.9	0.80	152.71	153.03	104.44	133.47	104.44	165.91	100.75	105.21
Malaysia (69)	466.34	+1.3	467.47	320.12	407.43	459.34	+1.5	1.49	460.30	461.26	314.81	402.26	452.76	466.34	251.66	263.88
Mexico (19)	1867.70	+1.5	1872.24	1282.14	1631.79	6365.07	+1.6	0.77	1840.11	1843.96	1258.55	1608.17	6267.02	1867.70	1410.30	1409.89
Netherland (25)	192.36	-0.7	192.83	132.05	168.07	165.71	-0.7	3.31	193.79	194.20	132.54	169.37	166.95	195.17	150.39	155.51
New Zealand (13)	65.89	-0.3	66.05	45.24	57.57	63.06	-0.1	3.52	66.11	66.24	45.22	57.78	63.12	66.11	40.56	38.33
Norway (23)	179.44	-1.1	179.88	123.18	156.78	178.47	-0.9	1.43	181.45	181.83	124.10	158.58	180.16	185.10	137.71	140.48
Singapore (38)	328.93	+0.0	329.72	225.80	287.37	238.81	+0.4	1.41	328.89	329.58	224.95	287.43	237.80	332.55	207.04	191.24
South Africa (60)	214.23	+0.7	214.75	147.06	187.17	196.90	+0.5	2.69	212.81	213.25	145.55	185.98	195.82	218.72	144.72	154.95
Spain (42)	141.56	-1.3	141.91	97.18	123.68	143.92	-1.2	4.10	143.50	143.80	98.15	125.41	145.62	145.24	115.23	110.74
Sweden (36)	201.41	-1.0	201.90	138.27	175.98	242.19	-0.6	1.40	203.40	203.83	139.12	177.77	243.60	208.92	149.70	160.67
Switzerland (50)	146.16	+0.4	146.51	100.34	127.71	134.24	+0.5	1.62	145.60	145.90	99.59	127.26	133.55	148.18	108.91	110.93
United Kingdom (218)	189.43	-0.4	189.89	130.03	165.49	189.89	-0.3	3.76	190.10	190.49	130.00	166.12	190.49	193.97	162.00	165.91
USA (519)	189.32	+0.1	189.78	129.97	165.41	189.32	+0.1	2.72	189.15	189.55	129.38	165.32	189.15	191.56	175.38	171.44
Europe (750)	160.05	-0.6	160.44	109.87	139.84	153.85	-0.5	2.94	161.02	161.35	110.13	140.73	154.56	162.97	133.92	134.71
Nordic (114)	190.26	-0.9	190.72	130.61	166.23	199.39	-0.5	1.23	192.01	192.40	131.32	167.80	200.46	194.54	142.13	145.58
Pacific Basin (713)	158.50	-1.0	158.88	108.81	138.48	112.91	-0.6	1.06	160.03	160.36	109.45	139.86	113.61	168.80	105.89	110.08
Euro-Pacific (1463)	159.03	-0.8	159.42	109.16	138.93	129.31	-0.6	1.84	160.33	160.66	109.65	140.11	130.03	162.86	117.26	120.04
North America (626)	185.73	+0.1	186.18	127.51	162.30	184.98	+0.1	2.72	185.54	185.93	126.92	162.18	184.80	187.68	171.51	168.19
Europe Ex. UK (532)	141.10	-0.8	141.44	96.88	123.30	132.60	-0.5	2.42	142.18	142.48	97.26	124.29	133.33	143.73	112.51	115.67
Pacific Ex. Japan (244)	233.16	+0.9	233.73	160.09	203.73	215.84	+1.0	2.69	231.16	231.64	158.13	202.04	213.69	233.16	152.70	157.81
World Ex. US (1649)	159.81	-0.7	160.19	109.71	139.63	131.51	-0.5	1.87	160.98	161.31	110.11	140.69	132.17	162.89	118.51	121.16
World Ex. UK (1950)	166.63	-0.4	167.03	114.39	145.59	145.53	-0.3	2.02	167.35	167.70	114.46	146.27	145.93	168.66	134.22	134.44
World Ex. So. Af. (2108)	168.43	-0.4	168.84	115.64	147.17	149.06	-0.3	2.18	169.17	169.52	115.71	147.85	149.49	170.46	137.29	137.16
World Ex. Japan (1699)	179.96	-0.1	180.40	123.55	157.25	175.91	+0.0	2.77	180.09	180.46	123.18	157.41	175.94	181.53	157.47	155.36
The World Index (2168)	168.64	-0.4	169.05	115.77	147.35	149.50	-0.3	2.19	169.35	169.71	115.83	148.02	149.92	170.88	137.32	137.18

Amendments to yields 27/10/93 applied to Netherlands, related regional yields and The World Index yield. Latest prices were unavailable for this edition.